


*(Report amended following Leadership Team meeting on 12 February)*

### Executive Decision Report

<p><b>Decision maker(s) at each authority and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken</b></p>	<p>Leadership Team: 12 February 2020  Council: 4 March 2020  Date of decision (i.e. not before):  4 March 2020  Forward Plan reference:  (05562/20/K/A)</p>	 <p>THE ROYAL BOROUGH OF  KENSINGTON  AND CHELSEA</p>
<p><b>Report title (decision subject)</b></p>	<p><b>REVENUE BUDGET, CAPITAL PROGRAMME AND COUNCIL TAX 2020/21</b></p>	
<p><b>Reporting officer</b></p>	<p>Executive Director Resources and Assets</p>	
<p><b>Key decision</b></p>	<p>YES</p>	
<p><b>Access to information classification</b></p>	<p>Public</p>	

## 1 SUMMARY

- 1.1 This report is a key part of the strategic financial planning process for the Council. It builds on the reports considered by Leadership Team on 13 November 2019 and 15 January 2020. It sets out the latest position on the revenue budget proposals for 2020/21 before Full Council set the Council Tax and Budget for 2020/21 at the meeting on 4 March 2020.
- 1.2 This report concerns the General Fund budget and Capital Programme. The Housing Revenue Account (HRA) is “ring-fenced” from the general fund. The proposed budget for the HRA is therefore considered by a separate report.
- 1.3 In July 2019, the Council published its Medium-Term Financial Strategy which set out the financial position for the next three years. At that time, it was identified that based on current assumptions, expected spending plans over the next three years exceeded income levels by around £40m. All Local Authorities have a statutory requirement to set a balanced budget and since this date, work has been underway to close the £20m budget gap for 2020/21. This report is for Leadership Team to make recommendations to Council on 4 March 2020. The balanced budget position for 2020/21 is based upon:
- Providing for growth and investment of £10.283m in key services and the implementation of budget savings of £9.276m across directorates.
  - Spending plans of £624m in total on the day to day running of services for the 160,000 people who live in the borough, 15,000 businesses and 56,000 who visit each year.
  - A capital programme for the next four years of £714m which includes new investment of £47.3m, in line with the priorities set out in the capital strategy.
  - A Council Tax increase of 1.99 per cent for 2020/21 plus an additional 2 per cent increase in respect of the adult social care precept – a total increase in Council Tax of 3.90 per cent including Garden Squares and 3.99 per cent excluding garden squares, reflecting the referendum thresholds outlined by the Government at the time of the Spending Review and in the provisional settlement.
  - An increase in the council tax requirement of £3.442 million.
  - Maintaining a general fund working balance of £10m, in line with the Councils’ agreed policy and maintaining a prudent but appropriate level of earmarked reserves.
  - Maintaining a central contingency budget of £5.2m to provide a resource to deal with in-year budget risks and unforeseen pressures.
- 1.4 In 2020/21, the Council will spend £486m on the day to day running of core services, which includes £117m on Housing Benefit which the Council administers on behalf of Government. Full details of these spending plans is set out from Section 5.
- 1.5 Over the next four years, the Council will also invest £714m in the boroughs roads, infrastructure, the environment and buildings. This includes £250m towards the New Homes Delivery Programme and £197m for the Housing Revenue Account to invest in the Council’s existing housing stock. Of the remaining £267m, this includes

- £6.2m investment into community day care opportunities across the borough to reduce isolation and support people living independently and at home in their local community;
- A £7.1m investment into children and early years provision to improve the six children centres across the borough and ensure support is in the areas of greatest need;
- A £36.5m investment into the Barlby School to provide support for children with special educational needs and ensure they have access to their education in the borough;
- An £8.3m investment into additional secondary schools places which will be partly funded through a capital grant for DfE and a £4.7m investment into Latimer Academy, Oxford Gardens and Park Walk Primary Schools;
- An almost £20m investment into street and highway improvements and the borough's parks and open spaces;
- £9m on the purchase of new housing for temporary accommodation to manage the high numbers of homeless households; and
- An £11.8m investment into the refurbishment of Pembroke Road to consolidate staff in a smaller number of buildings and £9.8m into the maintenance of the Council's 180 operational buildings.

## 2 RECOMMENDATIONS

2.1 The Leadership team is recommended to:

- (1) Approve the revenue budget estimates for submission to Council as summarised in **Appendix 1 and Appendix 3** of this report;
- (2) Note the findings of the budget consultation with residents, local businesses and Overview and Scrutiny Committee as set out in **Appendix 7 and Appendix 8**;
- (3) Note the risks and uncertainties relating to the 2020/21 budget as set out in **Section 31**;
- (4) Approve the increase in fees and charges as set out in **Section 23**, with the full schedule available on the website;
- (5) Approve the revised Capital Programme for the period 2019/20 to 2022/23. Full details are set out in **Appendix 13**;
- (6) Delegate the decision for the funding of the Capital Programme to the Section 151 Officer so to fund the programme in the most cost-effective way for 2020/21 and all future years. The current assumed funding is set out in **Table 9**.
- (7) Note the allocation of the Dedicated Schools Grant to the schools, High Needs and Early Years Budget as set out in the Financial Plans report to Leadership Team on 15 January and the update in **Section 35.1 and 35.2**;
- (8) Agree the planned use of reserves as set out in **Section 32.4**.
- (9) Note the advice of the Executive Director (Resources and Assets) (Section 151 Officer) on the level of reserves and robustness of estimates in setting the budget as required by Section 25 of the Local Government Act 2003 (Section 40 of the report).
- (10) Agree that the Executive Director (Resources and Assets) be given delegated authority, in consultation with the Lead Member for Finance and Modernisation, to make transfers to and from earmarked reserves up to £250,000 in each instance.
- (11) Agree the **Council Tax resolution** as set out in **Appendix 9**.

(12) Agree that delegated authority be given to the Executive Director Resources and Assets to make any necessary amendments to the budget, in consultation with the Leader and the Lead Member for Finance and Modernisation, to take account of final levies and precepts including Garden Square special expenses, and to make any necessary amendments to the statutory determinations and council tax bands to take account of those changes and for these amendments to be submitted and therefore recommended to Council at its meeting on 4 March 2020.

2.2 The Leadership team is asked to recommend to Council:

- (1) A Council Tax requirement for 2020-21 of **£89.895 million** including Garden Squares special expenses.
- (2) A basic amount of Council Tax for 2020/21 at Band D of **£904.76** excluding Garden Square special expenses as set out in **Table 5**. The headline figure including Garden Square special expenses is **£921.94**
- (3) Garden Square special expenses of **£1,675,263** as set out in **Appendix 10**.
- (4) Royal Borough Council Taxes for all Bands in all areas for 2020/21 as set out in **Table 5** and **Appendix 11**.
- (5) Total Council Tax including the Greater London Authority precept for all Bands in all areas for 2020/21 as set out in **Appendix 12**.
- (6) The Council's medium-term financial position for the next three years as set out in **Appendix 1**.
- (7) The Capital Programme as set out in **Appendix 13**

### **3 REASONS FOR DECISION**

3.1 The Council is legally required to set a balanced budget and a Council Tax for each financial year.

### **4 BACKGROUND**

4.1 The budget proposals in this report have been developed within the framework of the financial strategy agreed by Council in July 2019, the aims and ambitions of the Council Plan published in March 2019 and the Council's desire to minimise the call on the Council Tax payer by maintaining the position of a council tax within the lowest quartile.

4.2 The Council, like all other local authorities, continues to operate within a wider financial climate of risks and uncertainty. Despite the recognition of additional funding in the Government's 2020/21 settlement to help councils tackle some of the immediate social care pressures they face, the current financial climate for local government continues to present significant risks. The draft Budget presented in this report has therefore been prepared against a background of uncertainty with regard to the Government's spending plans from April 2021. The aim is to ensure a sustainable medium-term budget position.

4.3 The recommendations made in this paper:

- Are in line with the Council's approach to setting the budget for 2020/21 as set out in the Medium-Term Financial Strategy published in July 2019 and the further update on 13 November 2019.

- Formalise and confirm the proposals set out in the Council's budget proposals for 2020/21 (first reported to Leadership Team on 13 November 2019);
- Are consistent with the Council's policy on reserves (**Appendix 2**);
- Takes into account consultation with residents, local businesses and Overview and Scrutiny Committee on the proposed 2020/21 Council and service budgets (set out in **Appendices 7 and 8**);
- Takes into account the budget for next year's spending and income pressures that have been estimated as part of the budget process; and
- Takes into account final figures on the Council Tax base, the Collection Fund and London Wide levies from outside bodies.

4.4 The final Local Government Finance Settlement 2020/21 has not yet been published and therefore this draft budget is based on the draft settlement published on 20 December 2019. Any changes required following publication of the final settlement will be built into the final budget presented to Council on 4 March 2020.

## **5 DRAFT REVENUE BUDGET 2020/21 - EXPENDITURE**

5.1 Kensington and Chelsea is a unique central London borough, home to places of great cultural importance, diverse communities and attractive streets and squares.

5.2 Over half of residents were born outside of the UK. The borough also has the smallest population of any London Borough at 160,000 and is not expected to experience the steady growth that is evident across the rest of London. However, population density is the third highest in London and this brings its own challenges.

5.3 Although population numbers may be smaller than other London Boroughs, it is estimated that 56,000 people visit each day which creates opportunities for the local economy but also brings additional costs which need to be funded.

5.4 Despite being an area of extreme wealth, there are also areas of significant deprivation. In accordance with the latest index of multiple deprivation, the borough is ranked 16th in London. The average house price is £2.1m but over a third of people living in the borough are in social housing. Life expectancy is high but there are variations across the borough.

5.5 Following the tragedy on the 14 June 2017, the borough is slowly transitioning from response to recovery and the five-year Grenfell Recovery Strategy was agreed back in January 2019. Grenfell Recovery will continue to be the borough's top priority for many years to come.

5.6 The relationship that the Council has with the community is changing and this can only be achieved if the organisation also changes. This journey has started but will continue long into the future.

5.7 In October 2019, the report following phase 1 of the Public Inquiry into the Grenfell Fire was published. This made a number of recommendations and the Council is considering these in advance of any legislation coming into effect. The Council and the community are now preparing for Phase 2 of the Public Inquiry which started on 27 January 2020.

- 5.8 In amongst all of this change, the Council is still required to set a balanced budget and over the last six months officers have been building on the financial position reported in the Medium-Term Financial Strategy published in July 2019 to develop a budget for 2020/21 that recognises the local context and the local challenges of Kensington and Chelsea while minimising the impact on front line services.
- 5.9 Putting residents first is now at the heart of everything the Council does. In Autumn 2018, the Council undertook an extensive engagement exercise with residents to understand their priorities for their communities. Blending what residents have said is important to them, and the evidence of what is needed in the borough, the Council Plan was published with five key priority areas and three cross cutting themes:

#### Priorities

- Grenfell Recovery
- A Great Place to Live, Work and Learn
- Supporting and Safeguarding Vulnerable Residents
- Healthy, Safe and Clean
- A Place of Culture to Visit and Explore

#### Cross-Cutting Themes

- Community Involvement
- Narrowing the Gap
- Prevention

- 5.10 The Council has managed its financial position well since the fire at Grenfell Tower and the funding from Government to support the response and ongoing recovery has been welcomed but setting a balanced budget now for Kensington and Chelsea has been more difficult than in the years.
- 5.11 With growing pressures and reductions in government funding, this means the Council is facing a budget gap. In July 2019, this was reported as £40m over the three-year period from 2020/21, of which £20m was for 2020/21.
- 5.12 Closing the budget gap means budget reductions, either by reducing costs or increasing income. The Council has moved away from a traditional salami slicing approach and instead in line with the value of putting communities first, has adopted an approach that aligns spending plans to the priorities in the Council Plan and ensures making the most of the income received and spending in the right places. Spending on services that are not aligned to the Council Plan is no longer viable.
- 5.13 In November 2019, Leadership Team agreed a series of savings proposals to be launched for consultation. The feedback has been considered in preparing the draft budget for next year and is summarised in Appendix 6. Budget reductions of £9.3m have been included in the draft budget for 2020/21.
- 5.14 Setting a reliable and robust budget means estimating spending pressures and budgeting for them accordingly. In 2020/21, these pressures amount to £10.3m as set out in Appendix 5 and includes:

- Demographic pressures across housing and homelessness, Children’s Services and Adult Social Care;
- Additional costs following the disaggregation from Hammersmith and Fulham;
- Additional costs from bringing some services in house; and
- New support functions for complaints, health and safety and community engagement.

5.15 The report to Leadership Team on 15 January 2020 noted that it was likely that the Council would be able to set a balanced budget, based on robust estimates with adequate financial reserves, as required by section 25 of the Local Government Act 2003, by increasing Council Tax within the limits set by the referendum requirements.

5.16 Since then the budget position has become clear and the levels of London Wide levies and precepts have also become known.

5.17 In 2020/21, the Council will spend £624m on the day to day running of local services, which includes £117m on Housing Benefit which the Council administers on behalf of Government. Spending also includes £206m of capital investment as part of a three-year capital programme that will invest over £714m in total in the boroughs roads, infrastructure and building. Further details on capital investment is set out in Section 30.

**Table 1 2020/21 Gross Expenditure Budgets**

<b>Service Area</b>	<b>Gross Spend £'000</b>	<b>%</b>
Adult Social Care	68,080	14.0%
Public Health	19,876	4.1%
Family and Children's Services (excluding schools)	44,842	9.2%
Education	24,559	5.1%
Schools	75,889	15.6%
Housing Services (General Fund)	58,123	12.0%
Libraries, Archives and Heritage & Registrars	5,342	1.1%
Planning and Borough Development	11,063	2.3%
Community Safety	8,660	1.8%
Waste, Environmental Services and Environmental Health	40,365	8.3%
Culture and Place	3,704	0.8%
Leisure and Parks	4,766	1.0%
Parking Services	12,533	2.6%
Transport and Highways	15,314	3.1%
Adult and Family Learning	1,673	0.3%
Grenfell	12,000	2.5%
Support Services	53,513	11.0%
Property Services	25,959	5.3%
<b>Core Service Spend</b>	<b>486,261</b>	<b>100%</b>
Housing Benefit	117,367	
Corporate Contingency	5211	
Other Corporate Budgets	3090	

<b>Service Area</b>	<b>Gross Spend £'000</b>	<b>%</b>
London Wide Levies	12,467	
<b>Total Gross Spend</b>	<b>624,396</b>	

The remainder of this section focuses on the detailed budget for 2020/21 and the Council's spending plans across services. A more detailed breakdown is set out in Appendix 4.

## **6 Adult Social Care**

- 6.1 Adult Social Care has statutory duties under the Care Act 2014 and in addition provides a number of discretionary services and overall are delivering good outcomes, are high performance and low cost compared to neighbouring authorities.
- 6.2 In 2020/21, the Council will spend just over £68m on providing services to approximately 1,600 people in Kensington and Chelsea receiving long term support and short term, preventative support to just over 1,000 people. This includes support to approximately 384 people in nursing and residential care for those with high dependency, 100 in supported living for those who, with some support, can live independently and 642 to live at home and receive home care.
- 6.3 Support to live independently is important and the Council's drive is to reduce the numbers in residential care where there are other alternative options but living independently in supported living and particularly at home can bring the risk of isolation. Almost 120 people are accessing day care provision and going forward the Council will review the offer to ensure there is choice over day opportunities, expanding community-based activities and reduce the reliance on traditional day centres.
- 6.4 Giving people control over their care is a requirement of the Care Act. Currently 440 people are receiving a direct payment or have direct control over arranging their own care. These numbers are still low and part of the vision for Adult Social Care will be to manage the community care market and expand the offer to encourage increased take up of direct budgets whilst continuing to support the arrangement of care for those who need it.
- 6.5 Over the last few years, the number of people supported by Adult Social Care has remained fairly static but the complexity of need of people supported is increasing significantly. The numbers may change going forward. By 2035 there is expected to be a 55% increase in the number of people aged over 65 living in Kensington and Chelsea, which is the fourth highest percentage increase in London. The borough also has one of the highest level of elderly people living alone – approximately 45% of those aged over 75 by 2020. These two factors alone suggest that there are some significant demographic pressures that could materialise over the next few years. Additional budget has been included for 2020/21 to manage these pressures and also the changing landscape of health funding.
- 6.6 Plans are in place to develop a three to five-year programme across the whole service which will review the client pathway from 'front door' to long term support and develop a long-term sustainable service that is focussed around choice and control for individuals, a focus on strength-based support, developing strong and reliant



communities and flexible accommodation options. Therefore, there are no new savings planned for 2020/21 other than those agreed last year and are in the programme, while this wider review is considered.

- 6.7 Over the next three years, £9.5m is planned for capital investment into adult social care services. This is mainly focussed around the development of new community day care opportunities but also includes investment into digital technology to support care provision and manage the market. However, the longer-term strategy for the service may require some investment in developing long-term flexible accommodation options. This will be considered alongside the Council's Housing Strategy and may include investment into a range of options from supported living provisions through to general needs housing to ensure that the Council expand and improve the standards of provision within the borough.
- 6.8 In terms of funding, the 2020/21 Better Care Fund is £6.8m and the Improved Better Care Fund (iBCF) has been confirmed for 2020/21 as £7.4m. Beyond 2020/21, funding remains uncertain. The social care grant of £5.1m for adults and children's is only expected to continue for one year and there is continued delay on the Green Paper.
- 6.9 Funding from health for integrated services and integrated budgets forms a significant proportion (25%) of the total spend on social care and integrated services. Proposals are progressing at pace within the North West London Collaboration of CCG's (NWLCCG - to integrate 8 CCG's into 1 new commissioning organisation for health for the north-west area) and the impact on local services is unknown. The Council maintains a strong commitment to health and social care integration, particularly where this has a direct, evidence-based and positive impact on outcomes for the borough's residents. However, there could be potential financial risks associated health and social care integration.

## **7 Public Health**

- 7.1 Public Health services are funded through a separate ring-fenced grant. Although the grant allocations have not yet been announced, it is expected to be around £21m, a small inflationary increase on the 2019/20 grant. At this stage, the grant is expected to continue in future years but some discussions around the new Fair Funding formula have suggested that the grant could be incorporated and therefore no longer a separate ring-fenced grant.
- 7.2 This grant is used to fund a range of statutory services, such as sexual health, health visitors and substance misuse but also non-statutory services such as services to support behaviour change and family and children's services which together are delivering public health outcomes across the borough.
- 7.3 In 2020/21, the £21m grant will be used to fund:
- Over 5,500 health checks;
  - Over 6,500 health reviews for young children;
  - Around 23,000 STI screenings;
  - Supporting 2,500 people through the 'stop smoking' service; and
  - Supporting over 800 people accessing drug treatment services

- 7.4 Services for health checks and the 'stop smoking' are among the best in England.
- 7.5 The Council also has a dedicated Public Health reserve. The balance as at 31 March 2020 will be £3.998m. In addition to defining the long-term public health offer for the borough, plans are also in place to use the reserve for short term investment into preventative activities which will lead to long term sustainable improvements in public health. These include, an investment into services for people with dementia, mental health and wellbeing and serious youth violence.
- 7.6 The balance of the reserve is expected to be between £2m and £3m by March 2023 which is considered a prudent level.

## **8 Family and Children's Services**

- 8.1 In 2020/21, the Council will spend £45m on providing services to families and children, which have recently been rated as 'Outstanding' by Ofsted and its Partners in Practice initiative means that the Council is leading the development of the Centre for Systemic Social Work.
- 8.2 The Council is supporting 94 Looked After Children and 169 young people leaving care. The numbers are increasing, the age profile and the statutory expansion of support to the age of 25 means ongoing support for longer. The cost of placements is increasing and additional budget has been built in for 2020/21 but the expectation is that the work through the West London Dynamic Purchasing scheme will ensure that the Council is paying appropriate prices and getting value for money.
- 8.3 The service is also supporting over 500 children in need of Help and Edge of Care support that the Council is working with to keep families together and prevent / reduce the need for statutory intervention.
- 8.4 The number of unaccompanied asylum seekers continues to increase, currently 32 but the Council is also supporting 13 children and young people whose families cannot access the benefits system and have No Recourse to Public Funds. Both of these are pressures known across London.
- 8.5 Family and children's services is not just supporting the most vulnerable children and families. The discretionary services offer in the borough is good. Youth provision was reviewed in 2018/19 and the new offer has been shaped by young people and reflects the services they would like to access.
- 8.6 The borough has six children's centres which provide early years services across the borough. The offer is good but the focus over the next few years is about ensuring that the support is targeted in the areas of the borough of greatest need. A £7.1m capital investment will see improved access to facilities and greatest usage in areas of greatest need.
- 8.7 Family and children's services are not just available 9am to 5pm. The Emergency Duty Team is providing access to social care out of office hours and handling on average 491 contacts per month for Kensington and Chelsea.
- 8.8 The social care grant of £5.1m for adults and children's will help to manage some pressures on the service but this is only expected to continue for one year and

therefore, similar to adult social care services, a longer term and more sustainable solution is required.

- 8.9 The Council continues to invest in preventative services and part of this has been to join up best start, healthy child and school readiness programmes to better streamline the pre-birth to five pathway. This will reduce duplication in the current offer and better target services in accordance with what families are telling us they want.

## **9 Education**

- 9.1 In 2020/21, the Council will spend £25m on educational services across the borough. The borough's schools are high performing with 100% rated as good or outstanding. Educational achievement is high. The borough is the second highest performing for Key Stage 2 with 77% at expected levels in writing, reading and maths compared to the national average of 65%. In terms of GCSE performance, this is well above the national average with 76% achieving grades 4 to 9 in GCSE English and Maths compared to the national average of 65%.
- 9.2 Currently the schools are supporting 13,111 children to be educated across the 33 primary and secondary schools, raising standards and supporting students. There is an ongoing pressure in relation to increased numbers of children with special educational needs. The Council are currently supporting almost 700 children who have Education, Health and Care Plans and providing transport for 192 children so they can access their education provision. This number has been increasing by approximately 5% year on year.
- 9.3 There is continued work with Looked After Children and Care Leavers to improve educational outcomes. The virtual school for looked after children is an integral part of the learning support offer to those who are vulnerable.
- 9.4 The Council continue to work with schools to ensure the right environment for local children to learn and flourish. Whilst attainment scores are above national averages, fixed term exclusion rates continue to be above the London average. Local inclusion pilots are being trialled, alongside emotional support programmes in schools.

## **10 Adult Learning**

- 10.1 In 2020/21, the Council will spend £1.7m on adult education and learning opportunities across the borough. Each year, there are around 4,000 enrolments by over 2,200 adult learners on almost 500 courses. The majority (£1.3m) is funded through a grant from the Greater London Authority.
- 10.2 The Council is committed to supporting Kensington and Chelsea College (KCC) to thrive on the Wornington Road site. A sustainable college is key to supporting the needs and aspirations of residents in the borough, and particularly in North Kensington. The final merger between KCC and Morley College took place in February 2020. Alongside this, the Council will sell the freehold ownership of the Wornington Road Site to the DfE for £10m after a discount of £5.75m. This reflects the social and economic outcomes that a thriving college in the borough would bring and it is part of a sustainable plan for the college, including a curriculum that meets local needs and investment in the college's physical infrastructure. The capital receipt from the sale will be used to support the Council's commitment to invest in social housing.

10.3 The DfE is expected to invest £15.2m into the fabric of the building at Wornington Road as well as transition support for the college and investment in the Carlyle Building and Chelsea Centre. In total this amounts to a £33m investment by the Government in the future of the College.

## **11 Environment and Communities**

11.1 Services within the Environment and Communities portfolio cover a range of statutory and discretionary services for all 160,000 residents who live in the borough, the 56,000 who visit each day, the 1 million who come to the carnival each year and the 15,000 businesses in the borough. In 2020/21, the Council will spend £102m on these services.

11.2 Resident satisfaction is high across a number of environmental services and with the borough's parks and open spaces. The borough's six libraries have in excess of 800,000 visitors each year and three of the fifteen museums in the borough are among the most visited in the country. The borough has two leisure centres with over 750,000 annual visitors and the boroughs twenty-six parks are well regarded by people who live and visit the borough.

11.3 Income from fees and charges from discretionary services is a key source of income for these services. In 2020/21, this is expected to be £76m, of which a large proportion is the £49.5m that is expected to be collected in parking income. However, there is legislation that determines eligible expenditure and includes the costs of providing the parking service, maintaining the 188km of roads and highways and the 376km of footways across the borough.

11.4 In 2019/20, the Council opened the newly refurbished Chelsea Old Town Hall which is among other things the home of the borough's registrar's service who each year on average register 7,000 births, 1,500 deaths and perform 2,000 marriages.

11.5 The Council's regulatory services are carrying out over 1,500 inspections of food premises each year and processing over 1,900 licensing applications.

11.6 The planning service is processing around 5,700 planning and listed building applications, 1,400 enforcement cases and investigating over 50 alleged dangerous structures each year. These services do generate an income to cover some costs but the number of applications can be volatile and fluctuate with economic conditions.

11.7 The Council spends £16m on collecting household waste twice weekly from over 93,000 households and keeping the streets and highways clean.

## **12 Housing Services**

12.1 In 2020/21, the Council will spend just over £58m on providing services to support the more than 3,000 families waiting for a new home on the Housing Register and of which more than 2,300 families are in temporary accommodation. Additional budget of £1.8m has been included to reflect:

- The growing numbers of households in temporary accommodation which partly reflects the low levels of supply;
- The increasing cost of private sector rents for self-contained accommodation; and

- The level of Housing Benefit which is claimable for tenants in temporary accommodation.

12.2 In recent years, the Council has made significant efforts to try and control temporary accommodation costs through effective procurement, relationship building with providers and a focus on prevention. However, supply constraints, welfare reform and the lack of suitable permanent housing options all make it extremely difficult to contain spend and associated demand.

12.3 The department also has to adhere to the requirements of the Homeless Reduction Act. Whilst the idea of the legislation is to prevent homelessness and hence placements in temporary accommodation, there are costs arising from the Act. Grant funding has recently been announced which will provide some new money for these requirements but there is a risk it is not sufficient.

12.4 The Council expects to reduce the use of temporary accommodation through enhancing homelessness prevention activities, providing households with practical alternatives within the Private Rented Sector, work with Registered Providers to increase housing supply and supporting residents to secure settled accommodation. It is anticipated this will bring £1.4m of savings for the 2020/21 temporary accommodation budget.

### 13 Corporate Property and Social Investment

13.1 In 2020/21, the Council will spend £25.9m on providing services relating to the management of the Council’s corporate estate of over 350 investment properties in the commercial portfolio and around 180 of the Council’s operational properties. The service also generates £15.5m in rental income.

13.2 As a result of the pressing need for new homes, the Council has given a commitment to invest around £250m to deliver 600 new homes in the borough, of which at least 300 will be for social rent and the remainder will be intermediate housing, private rented or market sale homes. Further details are set out in Section 30.4.

### 14 Grenfell Recovery

14.1 In January 2019, the Leadership Team committed £50m of revenue funding to support the delivery of the Grenfell Recovery Strategy. The £50m agreed for recovery services covers the five-year period from 2019/20 to 2023/24. The indicative profile of this funding over the period is set out in Table 2.

Table 2 – Grenfell Recovery Strategy Spending

2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
12,000	12,000	10,000	8,000	8,000	50,000

14.2 The proposed budget assumes that an expenditure of £12m will be required to fund recovery services for bereaved and survivors and the wider community in 2020/21.

14.3 The budget for services for bereaved and survivors includes funding for:

- The Dedicated Service, which provides wraparound, personalised support for bereaved and survivors;
- Housing support, including a dedicated Housing team to support those who have not yet moved into permanent accommodation and housing management services for those who are in their new homes;
- Accommodation costs for those who remain in temporary and emergency accommodation; and
- Support for delivering this activity, including complaints and monitoring.

14.4 The budget for the wider community includes funding for:

- Ongoing emotional support and other commissioned services in schools and other community-based settings, including funding for new commissioning;
- Direct support to families and individuals affected by Grenfell from the wider community through the Malton Road hub;
- A community programme to support community-led recovery, including funding for The Curve,<sup>1</sup> the Grenfell Projects Fund and Community Leadership Programme and wider engagement with the local community;
- Housing support and accommodation for Wider Grenfell households who are in temporary accommodation; and
- Support for delivering this activity, including complaints and monitoring.

14.5 The budget also includes the costs of a small core team to oversee the programme. The Council continues to work with bereaved and survivors and the wider community on longer-term plans to ensure the sustainability of services in the long term.

## **15 Corporate Services**

15.1 In 2020/21, the Council will spend £54m on providing support services that are important in enabling the Council to deliver its front-line services.

15.2 Not all of the services are 'back office' functions. The Customer Delivery Department provides the main 'front door' services with the local community. They deal with over 109,000 face to face visits and 390,000 telephone calls through the contact centre each year, collect Council Tax from over 89,200 and Business Rates from over 9,100 properties. Internally, the department are providing facilities management services to over 100 operational properties.

15.3 The Corporate Grant Scheme (£2.3m) will fund twenty-nine voluntary organisations to deliver advice and information services and community centre activities to residents. Following a decision by Leadership Team, funding for the Community Living Local Life Scheme will be increased by £380,000 and will increase funding per ward to up to £30,000 per annum.

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<sup>1</sup> The exact level of funding for The Curve in 2020-21 will be informed by the results of the recent consultation and confirmed in the report due to be presented to the Leadership Team in February 2020. If a reduction in The Curve's £1.5m budget is agreed, the additional funding will not be treated as a saving but will be committed to other elements of the community programme.

- 15.4 Money and staff are two of the Councils key resources for delivering services and the HR Department are supporting the 2,500 staff whilst the Financial Management Department are responsible for meeting the Council's statutory financial requirements and embedding a culture of good financial management across the organisation.
- 15.5 The budget for support services has increased since last year. Part of this is a result of organisational re-structures and a change in the reporting lines for some departments but the council has been also building its capacity in a number of key areas by developing additional functions in 2019/20, including the new Health and Safety function and a new Corporate Complaints handling team.
- 15.6 During 2019/20, the Council's Community Engagement Team has been subject to review and the capacity of the team has been strengthened. A new Consultation and Insight post has been created and an additional £70,000 will be built into the budget for 2020/21. Governance Services have also been subject to review and £440,000 has been added in support of delivering the Council's new Economy Strategy which was agreed earlier this year.
- 15.7 The Directorate are providing support for around 300 Council, Leadership Team, Committee and Scrutiny meetings and events each year;
- 15.8 In addition to the £12m of spend next year on Grenfell Recovery, next year's budget will also include £4.8m towards corporate costs. A large proportion of this relates to expected legal costs but also includes other costs, such as communications, finance and HR support. These costs are not met from the £50m ringfenced for Grenfell Recovery.
- 15.9 In future years, there are plans in place that will enable the Council not just to demonstrate how much is being spent by department but also the money spent on delivering each of the priorities in the Council Plan.

## **16 DRAFT REVENUE BUDGET 2020/21 - FUNDING**

- 16.1 The £624m of spending in 2020/21 will be funded through a number of different sources – Government grants, Council Tax, Business Rates, Fees, Charges and rental income.

Table 3 - 2020/21 Gross Income Budget

<b>Income Source</b>	<b>Gross Income £'000</b>	<b>%</b>
Government Grants (Services)	(161,532)	25.9%
Other Grants (Services)	(12,951)	2.1%
Dedicated Schools Grant	(75,889)	12.2%
Parking Income	(49,457)	7.9%
Other Income (services)	(77,075)	12.3%
Customer Receipts	(70,398)	11.3%
Transfer from Reserves	(10,500)	1.7%
All Business Rates Income	(58,163)	9.3%
Revenue Service Grant	(10,108)	1.6%
Council Tax	(89,895)	14.4%
Collection Fund	(2,551)	0.4%
Adult Social Care Grant and New Homes Bonus	(5,876)	0.9%
	<b>(624,396)</b>	<b>100%</b>

## 17 COUNCIL TAX 2020/21

- 17.1 The draft budget is based upon an increase of 3.99% on the Band D council tax. If the proposal is accepted, this will be only the fourth increase in Council Tax in ten years.
- 17.2 This Council tax rise consists of two separate elements, the first is a Council Tax increase of 1.99%. As a result, Council Tax payers will not be faced with an increase disproportionate to that faced by residents elsewhere and not dissimilar to that faced by most residents in other London Boroughs.
- 17.3 The second element is a 2% increase, often referred to as the Adult Social Care precept and the additional income raised will contribute towards meeting the demands for adult social care services.
- 17.4 The overall impact of the two elements is that the increase in the Council's element of Council tax will be 3.99%. The average Band D (including Garden Squares) will increase from £887.34 to £921.94, an increase of £34.60. For household not inside a garden square, the average Band D will increase from £870.04 to £904.76. Full details are set out in Table 5 and in Appendix 11 which sets out the increase for each band.
- 17.5 Garden Square levies are treated as special expenses and as such are viewed by the Government as part of the Council Tax for referendum purposes. The 2020/21 Garden Square levies total is £1.775m compared to £1.783m for 2019/20.
- 17.6 The Council will continue to fully fund the local Council Tax reduction (local Council Tax benefit) scheme in 2020/21 and so will fully protect vulnerable residents on low incomes who might otherwise pay more. Currently 12,700 households receive a



Council Tax reduction, and although the Council receives some grant towards the administration costs, the total spend on the scheme is around £11.6m.

## 18 COUNCIL TAX BASE

- 18.1 The Council Tax base is the number of properties in Bands A to H in the Borough expressed as an equivalent number of Band D units. The Executive Director Resources and Assets has calculated under delegated authority the Council Tax Base of 97,506 for the year 2020/21, as reported to Leadership Team on 15 January. This is based on a collection rate of 97.75%.

## 19 GREATER LONDON AUTHORITY PRECEPT 2020/21

- 19.1 The Greater London Authority Band D Council Tax figure for 2020/21 is expected to be £332.07, a 3.6% increase. The final 2020/21 precept will be issued after the London Assembly meets on 24 February 2020. Any change will be reported to Council on 4 March 2020.

Table 4 – GLA Precept

Council Tax Band	Greater London Authority £
A	221.38
B	258.28
C	295.17
<b>D</b>	<b>332.07</b>
E	405.86
F	479.66
G	553.45
H	664.14

- 19.2 The Council's total Council Tax rates for each Band are shown in Table 5, which also shows the percentage of dwellings falling under each band. The spread of dwellings across the bands is different to the London average and although the council tax level is expressed as a Band D equivalent, for Kensington and Chelsea, Band G has the highest percentage and Band G and Band H together account for 40% of dwellings. Full details of Council Tax due, including the Garden Square levies, are set out in Appendices 9, 10 and 11.

Table 5 - Total Council Tax 2020/21 excluding Garden squares

Band	Kensington and Chelsea	Greater London Authority	Total	% of Dwellings in Band
A	603.17	221.38	824.55	1.9%
B	703.70	258.28	961.98	3.9%
C	804.23	295.17	1099.40	10.6%
<b>D</b>	<b>904.76</b>	<b>332.07</b>	<b>1236.83</b>	<b>15.7%</b>
E	1105.82	405.86	1511.68	15.0%
F	1306.88	479.66	1786.54	13.6%
G	1507.93	553.45	2061.38	22.2%
H	1809.52	664.14	2473.66	17.1%

19.3 Leadership Team is asked to approve and recommend to Council, subject to receipt of final precepts and levies including Garden Squares special expenses, the final budget figures and the council tax resolution be provided to Council on 4 March by the Executive Director Resources and Assets to take account of any changes arising from these.

## **20 BUSINESS RATES**

20.1 Business Rates are set nationally. The value of business premises is determined by the Valuation Office and the Government set the multiplier which specifies the pence per pound paid in tax. In 2020/21, we are expecting to collect over £360m in business rates but will only retain £54.560m. In 2020/21, the Council will be part of the London Business Rates Pool following approval by Leadership Team on 15 January 2020.

## **21 COLLECTION FUND**

21.1 The Collection fund is a separate account which receives income from Council Tax and Business Rates payers and then makes payments to the Council, GLA and Government. The Local Authorities (Funds) (England) Regulations 1992 (as amended) require an annual projection of the balance as at 31 March each year. This is because precepting authorities share surpluses / deficits and need to take account of these when setting the budget.

21.2 The projected surplus on the collection fund at 31 March 2020 is estimated to be £11.48m and was calculated and determined under delegated authority. The council's share of £5.955m of this one-off surplus has been added to the resources available to the Council's General Fund in 2020/21. The surplus has in the main arisen by Council Tax collection being higher than expected and also a review of the Council's business rates appeals provision following an external review.

## **22 GOVERNMENT FUNDING**

22.1 As highlighted above, over recent years there have been changes to Local Government Funding. The Council's Core Spending Power was published as part of the draft Local Government Finance Settlement in December 2019. At the time of publication of this report the final settlement had not been published but is expected imminently. If there are any changes, an update will be provided at Leadership Team on 12 February 2020 and the report will be updated for Council on 4 March 2020.

22.2 It is important to note that there are a number of assumptions made by Government in this measure but which remain subject to local decision making, such as Council Tax levels.

22.3 The core spending power figures are set out in Table 6.

Table 6 – Core Spending Power 2020/21

	2019/20	2020/21
	£'000	£'000
Settlement Funding Assessment	61,830	62,830
Compensation for under-indexing the business rates multiplier	1,690	2,110
Council Tax	86,570	91,020
Improved Better Care Fund	6,570	7,440
New Homes Bonus	1,740	780
Winter Pressures Grant	870	-
Social Care Support Grant	1,480	5,090
<b>Core Spending Power</b>	<b>160,750</b>	<b>169,270</b>

Note: In 2020/21 The Winter Pressures Grant has been incorporated into the Improved Better Care Fund, with the overall level of funding remaining at 2019-20 levels

## 23 FEES AND CHARGES

- 23.1 A key source of local income is through the Council's fees and charges. The Council's draft Charging Policy for discretionary services was included as part of the budget proposals that were launched for consultation and is set out in Appendix 14 for approval as part of agreeing the 2020/21 budget. Implementation of the policy will follow over the next two years.
- 23.2 The full set of proposed fees and charges for 2020/21 were presented to Overview and Scrutiny Committee on 19 December 2019 and reflects an overall 2% increase in line with inflation. Overview and Scrutiny Committee were asked to provide any comments and feedback through the Scrutiny Budget Working. The feedback has been considered and no changes have been made as a result of this consultation and therefore Leadership Team is asked to approve the full schedule that can be viewed on the Council's website at [Click Here](#).

## 24 2020/21 SAVINGS

- 24.1 Full details of proposed savings and increased income opportunities that have supported the balanced budget for 2020/21 have been previously reported to the Leadership team on 13 November 2019 and 15 January 2020 and Overview and Scrutiny Committee on 23 November 2019. These budget reductions total £9.3m. The feedback received has been considered by Lead Members and is set out in Appendix 7 and 8.
- 24.2 Members attention is drawn to two proposed amendments:
- The saving for Review of Financial Management - Staffing (£150,000- ref : RA3 ) is now proposed be deferred to 2021/22; and
  - The saving for Registry Providers (£150,000- ref : GHP1 ) is proposed be reduced by £50,000.
- 24.3 These adjustments have been factored into the draft budget for 2020/21 set out in Appendix 1 and Appendix 3.

## 25 BUDGET CHANGES

25.1 The 2020/21 budget and Council Tax changes are summarised in Table 7.

Table 7 - 2020/21 Budget Changes

<b>Budget Change</b>	<b>£'000</b>
Inflation and London Living Wage	7,454
Increase in External Funding	(1,700)
Service Pressures	10,283
Other Pressures	694
Service Savings	(9,379)
Corporate Budget Reductions	(1,933)
Use of Reserves	(6,000)
Reduction in Collection Fund surplus	2,018
Other	2,005
<b>Total Change funded by increase in Council tax income</b>	<b>3,442</b>

## 26 LOOKING FORWARD 2021 ONWARDS

26.1 The full Medium-Term Financial Strategy was published in July 2019. The aim of the strategy is to:

- Plan the Council's finances over the next three years, taking account of both the local and national context;
- Provide the financial framework for the Council's priorities and ensure that these priorities drive the financial strategy and the allocation of financial resources; and
- Manage and mitigate future budget risks by forward planning and holding reserves as appropriate.

26.2 The future remains uncertain. The funding of Local Government is changing and the Fair Funding Review by Government is unlikely to change the overall levels of resources for Local Government and will re-direct across the country according to levels of need. Expectations are that Kensington and Chelsea, along with other inner London Boroughs will see a reduction in their funding levels. At this stage, it is very difficult to estimate the financial impact and therefore it is not included in the financial position but is a significant risk.

26.3 A few Local Authorities are now independent of Local Government funding and although Kensington and Chelsea are not yet close to this, it is something that would mitigate some of the risk around uncertainty. This would require greater devolution beyond just the current business rates scheme and going forward the Council will want to be part of any discussions with Government on proposals.

26.3 The forecast for future years makes the following key assumptions:

- Pay and price inflation of 2% for staff costs and the Council's major contracts per annum in future years;
- Reductions on Government funding;
- An increase in business rates (NNDR) income each financial year (to keep the Council above the Government's funding distribution system threshold and also cover the annual increase in the cost of the tariff);

- A modest increase in the Council Tax base each year (on average a 0.5% increase in properties per annum);
- It is assumed that any reductions in service specific grants can and will be contained within service budgets;
- An increase in local Council tax in line with inflation and the assumed referendum limit (1.99%);
- Spending pressures are recognised and risks have been highlighted in Section 31;
- All savings are achieved to plan; and
- No planned use of the general fund working balance.

26.4 The impact of all of the above changes show that the Council will need to identify budget reductions of £16.8m in 2021/22 and a further £8.1m in 2022/23, a total of £25m in order to balance the budget in these years. Further details are set out in Appendix 1.

## **27 FUTURE YEAR SERVICE RE-DESIGN AND BUDGET PROPOSALS**

27.1 The Futures Programme seeks to provide the challenge and support to ensure the Council uses an evidence-based approach to identify re-design opportunities which improve or maintain outcomes while also reducing costs.

27.2 This longer-term approach to financial planning will help to ensure that the Council is developing sustainable plans that will direct resources to delivering the Council Plan, ensure outcomes are maintained or improved whilst also balancing the books and building financial resilience and sustainability in the future. Where appropriate the Council will invest now in areas of service delivery such as prevention and supported self-help systems to improve lives of residents in the longer term and reduce the need for high cost reactive services in the future.

## **28 OPTIONS AND ANALYSIS**

28.1 This report represents the outcome of the budget review process for 2020/21 for recommendation to Full Council on 4 March 2020. However, at this point it remains the case that until Full Council sets the budget in March, the 2020/21 Budget has not been agreed, meaning that a range of alternative options remain open to Members, either on capital or revenue.

28.2 The Leadership Team can amend the proposed revenue budget and Council Tax as set out in this report. However, any amendments to the budget must ensure that it continues to meet the Council's statutory requirement for a balanced budget.

28.3 There are a number of areas where Leadership Team could choose to consider different scenarios for the budget and recommendations to Full Council, such as:

- Varying the level of council tax and/or Adult Social Care precept for 2020/21, within the constraints of the referendum limits for the year. This would have implications on the level of savings needed to be found and the overall budget position;

- Deleting or reducing budget savings proposals, subject to considering the impact on the overall budget and the need for compensating offsetting proposals to deliver a balanced budget
- Considering and substituting alternative budget savings proposals, whilst taking into account the time constraints required to develop these, undertake public consultation (where necessary), and meet statutory deadlines for the setting of council tax.
- Changing other assumptions within financial plans (including assumptions about budget pressures, the use of reserves or the level of the centrally held contingency) therefore impacting the level of savings required in future years.

## **29 TREASURY MANAGEMENT STRATEGY**

29.1 The areas of Treasury Management and Prudential Borrowing are integral to consideration of the Council's Budget and also need to be considered so that Members can assess that capital investment plans are prudent, affordable and sustainable. Members attention is drawn therefore to the Treasury Management Strategy for 2021/22 and details for Prudential Borrowing including the Prudential Indicators which are also set out in a separate report which is part of this 'Budget Pack'.

## **30 CAPITAL PROGRAMME**

30.1 The Capital Strategy which was refreshed and approved by Council in July 2019 provides a framework for the allocation of resources to fund capital projects. The Council's ability to prudentially borrow to fund future capital schemes is limited by the budgetary pressures which the Council continues to face. Information regarding the revenue implications of prudential borrowing is provided in the Treasury report. The cost of delivering the Capital Programme in 2020/21 is expected to be £4.866m and has been reflected within next year's budget. The Council will only invest as long as its capital spending plans are affordable, prudent and sustainable.

30.2 New capital investment is typically focused around investment into the borough's roads and transport infrastructure, buildings and assets. This includes for health and safety requirements, rolling maintenance programmes and support to develop the Council's digital infrastructure and investment that generates revenue cost reductions or increased income.

30.3 Leadership Team at its meeting on 13 November 2019 considered new capital investment proposals totalling £47.267m and agreed that they be published for consultation. Of these new bids, £23.899m falls in 2020/21.

30.4 The total value of the Capital Programme has increased significant and now includes £250m which will be required to deliver the New Homes Delivery Programme of 600 new homes across the borough, of which at least 300 will be for social rent and the remainder will be intermediate housing, private rented or market sale homes. The four Stage One sites listed below will deliver over 90 of the 600 homes:

- 175-177 Kensal Road
- Acklam Road
- 15-17 Hewer Street
- 54 St Helens Gardens

Design proposals have been produced for the sites and a programme of local public consultation for each site has been undertaken over several months. The procurement strategy will be presented to Leadership Team in March 2020 and the expectation is that the Council will manage the construction of the properties. The new homes will become available over a number of years, with the first being scheduled for Autumn 2021. Other sites across the borough have been identified. These are being evaluated and proposals will be developed for the future phases of the programme.

30.5 The Council has received a grant of £33.6m from the Greater London Authority towards the cost of the programme – the equivalent of £100,000 per social rent property. Officers are currently considering other additional funding sources for the remaining costs of the programme, including other grants, use of Section 106 monies for affordable housing or potential capital receipts. However, the majority is expected to be funded through external borrowing which will be supported by the income from the intermediate and private rented homes. The programme is expected to be cost neutral in the medium term.

30.6 Of the remaining capital programme, there are many different schemes and full details are set out in Appendix 13. However, the schemes of significance, in terms of value includes:

- Adult Social Care day care facilities;
- Early Years and the borough's Children's Centres;
- Schools;
- Transport and improvements to transport and the street scene;
- Increased supply of housing and temporary accommodation;
- Refurbishment of Pembroke Road; and
- Routine maintenance and repairs to the Council's property estate.

Table 8 – Capital Expenditure Programme (including new investment) 2019/20 to 2021/22

Department	2019/20 Revised Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	2019-20 to 2022-23 Total Prog	Funded from External Sources	Funded from Internal Sources
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	568	7,088	1,837	-	9,493	(2,210)	(7,283)
Children's & Education	12,433	42,476	15,591	-	70,500	(17,553)	(52,947)
Environment & Communities	14,561	28,630	41,741	975	85,907	(27,318)	(58,589)
Grenfell	22,369	57,413	92,060	125,596	297,438	(38,280)	(259,158)
HRA	17,379	44,889	64,345	70,402	197,015	(24,900)	(172,115)
Support Services	16,444	23,954	3,165	3,616	47,179	-	(47,179)
Schemes delivered via Special Projects	-	1,050	250	50	1,350	-	(1,350)
Capital Contingency	5,443	-	-	-	5,443	-	(5,443)
<b>Total Capital Expenditure Budget</b>	<b>89,197</b>	<b>205,500</b>	<b>218,988</b>	<b>200,639</b>	<b>714,325</b>	<b>(110,261)</b>	<b>(604,064)</b>

30.7 The funding of the Capital Programme is delegated to the Section 151 Officer and Table 9 summarises the proposed funding sources of the programme.

**Table 9 – Capital Programme Funding 2019/20 to 20212/23**

<b>Source</b>	<b>2019-20 Revised Budget</b>	<b>2020-21 Budget</b>	<b>2021-22 Budget</b>	<b>2022-23 Budget</b>	<b>2019-20 to 2022-23 Total Capital Programme</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Funding - Capital Grants Reserve	(1,675)	-	-	-	(1,675)
Funding - Capital Grants & Contributions	(10,288)	(30,086)	(39,525)	(15,348)	(95,247)
S106/CIL Contributions	(4,064)	(5,275)	(4,000)	-	(13,339)
Funding - Capital Receipt Reserve	(31,602)	(58,168)	(44,351)	(2,000)	(136,121)
Car Park Account	(5,003)	(5,817)	-	-	(10,820)
Major Repairs Reserve	(3,080)	(3,283)	(3,385)	(3,283)	(13,031)
Special Projects Reserve (RCCO)	(2,500)	(1,050)	(250)	(50)	(3,850)
Revenue Contribution to Capital Outlay	-	(5,000)	(21,282)	(17,024)	(43,306)
Borrowing Requirement	(30,985)	(96,821)	(106,196)	(162,934)	(396,936)
<b>Total Funding Sources</b>	<b>(89,197)</b>	<b>(205,500)</b>	<b>(218,989)</b>	<b>(200,639)</b>	<b>(714,325)</b>

30.8 The borrowing is regulated by the 'Prudential Borrowing Code'. The basic principle is that capital expenditure plans must be affordable, prudent and sustainable and that prudential indicators are used to support decision making. Further details are set out in the Treasury Management Strategy, including the Council's Minimum Revenue Policy for 2020/21. The Minimum Revenue Provision is a charge that Councils are required to make in their accounts for the repayment of debt.

30.9 Interest rates are currently low and for every £1m of investment the revenue costs are approximately £64,000 and is considered affordable on the revenue budget. Although a significant rise in interest rates is not expected, the impact of this risk has been considered. Through the Treasury Management function and with advice from external advisors, economic forecasts are regularly monitored and our borrowing strategy is reviewed accordingly. If an increase in interest rates is considered to be imminent, an assessment of the risk will be made and a number of options can be considered.

30.10 Immediate long-term borrowing can be quickly initiated and will fix rates and provide some certainty on future costs. The Council currently holds around £300m in cash balances. Although a large proportion of this is committed over the medium term, the Council can choose to change the mix of funding for the capital programme in the short term to utilise these balances in the form of internal borrowing. As a last resort, the Council could also choose to amend or re-profile its capital programme to reduce the borrowing requirement and borrowing costs.

30.11 In relation to the New Homes Programme, this is considered to be self funding and, although borrowing costs will be incurred from 2020/21, the anticipated rental income from these homes will fund the borrowing costs from 2022. In terms of the HRA



investment, this is a necessity and supports the improvement to council homes following the Stock Condition Survey in 2018. The remaining capital programme is broadly in line with previous years.

- 30.12 The latest economic forecasts suggest that the current funding mix of the capital programme and borrowing requirement is sustainable in the current economic environment.

## **31 RISK MANAGEMENT**

- 31.1 Although the overall position for 2020/21 is showing a balanced budget, there are a number of inherent risks for subsequent years.

### Local authority funding for future years

- 31.2 Local Government grant funding has been under continued pressure placing greater reliance on income generated locally. The benefit of this is greater control and certainty for the Council in terms of its spending power, but there are risks associated with these local sources which can be volatile to changes in economic conditions. In addition, there are changes in Government legislation which affect the scope of services and have cost implications, some of these will be unfunded burdens, such as duties to migrants with care needs who have No Recourse to Public Funds (NRTPF).
- 31.3 The Government had previously stated an intention to hold a spending review covering the 3-year period from 2020/21 to 2022/23 but as a result of focus on Brexit and resulting General Election this was limited to a single year - 20/21. Such short-term settlements impact the Councils ability to plan ahead with any certainty for the medium term. The government has announced it will reveal it's 2020 budget on 11 March 2020 which may provide further clarity for Local Government but similar to previous years, this is expected to be at a high level.
- 31.4 Councils are awaiting the results of The Fair Funding Review being conducted by MHCLG which is looking at the drivers behind Local Government Funding allocations, and also the review of the Business Rates Retention System. Indications are that funding could move out of London and in particular the inner London Boroughs. Although officers have undertaken work to estimate the impact of different scenarios, it remains very difficult to determine the impact with any certainty. Changes are now expected from April 2021 and the Council will continue to participate in discussions and lobby Government for the funding formulae to reflect London issues.
- 31.5 Social Care Funding commitments are one-year grant allocations and the Government's long-term plans for funding and the Green Paper for adult social care remains unknown which adds to uncertainty and risk faced by the council.

### Delivery of savings

- 31.6 The statutory requirement to set a balanced budget remains. The Council is in the position to set a balanced budget for 2020/21 in part as a result of £9.3m of new budget reductions put forward by Services. The Council is confident these can be achieved but will continually monitor the delivery of these through the year to ensure that any emerging risks and mitigating actions can be identified early.

31.7 The identification and delivery of savings beyond 2020/21 is more challenging. There is currently a budget gap of £25m over the next two years and although work has started, budget reductions of this magnitude require a fundamental change in the way services are delivered if they are to be sustainable and minimise the impact on priority service delivery and outcomes. There may therefore be risks associated with capacity to deliver these savings to planned timescales.

#### Brexit, The Economy, and other External cost pressures

31.8 The potential impact of Brexit cannot be forecast with great certainty and the terms under which the UK will leave the EU can have a potential impact on local and wider economy and Local Government – including the ability to generate revenue, the supply and cost of staff, higher prices, local property values, changes to legislation and many more.

31.9 The impact of economic conditions, including, increases in inflation and rising interest rates can be a cost driver. For every 1% increase in inflation, this can mean a £4.2m increase in running costs which would add to the budget pressure. Increasing interest rates make investment more attractive but the need to borrow for capital investment potentially increases costs.

31.10 The Council faces direct pressures on both spending and income budgets. Demographic and demand led pressures, particularly in housing and homelessness and supporting children and adults with high complex needs. As part of financial planning processes, these demands are continually reviewed and forecasted over the medium term for inclusion in financial plans and mitigating actions identified but risk remains that demand exceeds expectations resulting in a budget shortfall.

#### Partnership Working

31.11 The delivery of public services can often be dependent on a number of other organisations and other partners who are also subject to funding pressures. The Council needs to remain aware of these wider pressures and the requirement to foster close working relationships with these partners to co-design and deliver services, pooling resources and expertise to mitigate the impact of resource constraints on service delivery and outcomes for residents in line with Council priorities.

#### Grenfell

31.12 Although the budget includes £50m over the next five years to deliver the Grenfell Recovery Strategy, this is a key priority for the Council and high risk and therefore it is inevitable that some uncertainty still remains. The Public Inquiry is unlikely to be completed before mid-2021.

31.13 As discussed, the above risks and uncertainties make medium to long term planning very difficult. It is therefore important that the Council takes a prudent approach to assumptions in financial plans and in holding sufficient levels of contingency funding within the budget for dealing with unforeseen circumstances in the short term. Levels of reserves provide a safety net in the event of more significant negative impacts on Council Funding in the medium term.

## 32 RESERVES

- 32.1 Section 25 of the Local Government Act 2003 requires Chief Financial Officers to report to their authorities about the robustness of estimates and the adequacy of reserves when determining their budget and level of Council Tax. The report therefore includes the advice of the Executive Director Resources and Assets (Section 151 Officer) as set out in “Financial and Resource Implications” section.
- 32.2 Under the 2003 Act above, the Section 151 Officer has to be satisfied that the level of the General Fund working balance is adequate. It is proposed that the General Fund balance be maintained at its target level of £10 million for 2020/21, the same level as for 2019/20.
- 32.3 The Executive Director has also reviewed all earmarked reserves (monies set aside for a specific purpose). Details of the latest estimated position and the forecast for the next three years is set out in Appendix 2.
- 32.4 Some use of reserves has already been agreed in year through the Quarterly Monitoring Reports with further requests for use of and contributions to reserves for Leadership Team agreement listed below. Excluding unallocated estimates, subject to agreement - use of reserves for 2020/21 will be £19.4m with contributions to reserves of £1.5m resulting in a net use of reserves in 2020/21 of £17.9m.
- £10.5m use of the Grenfell Reserve to fund delivery of Grenfell Recovery Strategy;
  - £2.5m use of the Special Projects Reserve to:
    - £100,000 of previously approved use for children and family services;
    - £100,000 of previously approved use to support the re-tender of the waste contract;
    - £300,000 of previously approved use for implementation of the Culture Strategy, of which £100,000 relates to 2020/21;
    - £60,000 of previously approved use for the implementation of the Economy Strategy;
    - £225,000 of previously approved use for the review of HR policies and procedures;
    - £175,000 of previously approved use for the additional external support to deliver the Futures Programme;
    - £190,000 for additional support to deliver initiatives to reduce the levels of people in temporary accommodation;
    - £160,000 to sustain the current staffing levels in Housing Needs and Supply to deliver the service transformation.
    - £120,000 to fund short term project management costs in Adult Social Care to develop the five-year plan for the service;
    - £120,000 to fund short term resources to review adult social care financial processes;
    - £145,000 to fund one-off investments in Environment and Communities related to delivery of savings; and
    - £1.050m to fund small one-off schemes within the Capital Programme and thereby reducing the need to borrow.
  - £5.817m use of Car Parking Reserve to fund eligible schemes in the Capital Programme;

- £50,000 use of the Carry Forward Reserve to fund crime reduction initiatives;
- £150,000 carry forward of unspent grant monies in 2019/20 to fund ongoing initiatives in housing services during 2020/21;
- £660,000 transfer into the Public Health Reserve based on the expected level of grant and anticipated spend;
- £188,000 use of the Notting Hill Carnival Reserve to contribute towards to the cost of the 2020 carnival;
- £206,000 use of the Street Trading Reserve to enhance the market trading facilities;
- £1.458m estimated contribution to the Dedicated Schools Reserve over 19/20 and 20/21 subject to outturn position;
- Creation of a new Troubled Families Reserve to transfer unspent monies for funding the programme to continue in future years. The transfer for 2019/20 is expected to be £533,000 to be confirmed on closure of the final accounts.
- Creation of a Local Projects Fund from ringfenced Council Tax for the Grenfell bereaved and Survivors estimated as £175,000 per annum; and
- Creation of an Affordable Housing Reserve with initial balance of £10m from the receipt of the Worrington Road site to DfE.

32.5 Officers have also undertaken an exercise to estimate additional use of the reserves that is likely beyond 2020/21 but for which the figures have not been confirmed. This is set out in Appendix 2 but any further such use will be presented to Leadership Team for approval, subject to any delegations that are in place as set out in the constitution.

32.5 In terms of use of reserves, currently these are subject to Leadership Team approval – regardless of value. Leadership Team are asked to agree that the Executive Director Resources and Assets be authorised, in consultation with the Lead Member for Finance and Modernisation, to agree the transfer to and from reserves up to the value of £250,000.

### **33 CONTINGENCY**

33.1 The draft budget for 2020/21 has been set based on either confirmed or estimated information. However, not all spend and income issues can be foreseen and therefore a provision must be made for some uncertainty and risk. The Council holds a central contingency budget for in-year budget risks of £5.211m. Possible uses include: budget risks (e.g. delivery of savings), inflationary pressures, unexpected events, additional revenue costs of capital schemes and new burdens.

33.2 The contingency provision will also protect the Council's General Fund balance, for which the plan is to maintain the latter at £10m, in line with Council's policy. Any contingency provision that is not needed will be added to one of the Council's reserves to deal with any future fluctuations.

### **34 LONDON WIDE PAYMENTS**

34.1 The Council contributes to a number of London wide services and most of these contributions for 2020/21 have now been confirmed. Although the budgets for others will be amended before final approval at Council on 4 March, the changes are expected to be minimal.

34.2 The total budget for London Wide Levies is £12.5m. The most significant levy is for concessionary fares and is £8.652m for 2020/21.

### **35 SCHOOLS BUDGET**

35.1 The total budget delegated to schools in 2020/21 budgets is showing an average 2.5% per pupil increase. Every school has an increase of at least 1.84% per pupil compared to 2019/20 funding. Four primary schools have a reduction in pupil numbers of more than 5% and they are eligible to apply for additional falling rolls funding from Central Government.

35.2 The Dedicated Schools Grant (DSG) is forecast to have a cumulative overspend of £3.5m mainly due to overspends in 2018/19 and 2017/18 on expenditure related to pupils with Special Educational Needs and Disabilities (SEND). A high needs review group has reviewed all related expenditure and is expecting to have an in-year underspend of £0.74m in 2019/20. Under additional requirements introduced by the Department for Education (DfE) the Council has submitted a recovery plan as a result of having a cumulative DSG deficit of more than 1%.

### **36 CONSULTATION**

36.1 A consultation was carried out on the draft savings proposals and new capital investment. Information was included on the Council's website and in libraries and was communicated broadly through various channels to the general public, businesses and key partners, inviting them to contribute.

36.2 The draft budget proposals were also presented to the Overview and Scrutiny Committee meeting on 26 November and a working group was established with a final report on feedback to their 28 January meeting. All responses have been considered by the Lead Members in putting together the draft budget for 2020/21. A summary of the feedback received is set out in Appendix 7. No changes to the draft budget has been made as a result of the feedback.

### **37 EQUALITY IMPLICATIONS**

37.1 Under the Equality Act 2010 the Council has a duty to pay "due regard" to the need to eliminate discrimination and advance equality of opportunity with regard to the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, sexual orientation, religion or belief and sex and to foster good relations between those who share a protected characteristic and those who do not. The duty to pay due regard does not impose a duty on the Council to carry out a formal equalities impact assessment in all cases when carrying out their functions but, where a significant part of the lives of any protected group would be directly affected by a decision, a formal equalities impact assessment is likely to be required to demonstrate that the Council has complied with its duty.

- 37.2 Officers have considered whether the recommended increase in Council Tax could have a particular adverse impact on people who share a protected characteristic. They take the view that there is no differential impact on any protected group arising from the Council Tax increase. Separately, and in any event, the Council Tax reduction scheme protects vulnerable residents on low incomes.
- 37.3 The equalities impacts of specific budget proposals were reported to the Leadership Team in November 2019 and have been considered in January/February 2020 alongside the detailed service budget reports considered by the Overview and Scrutiny Committee.
- 37.4 Where specific budget savings have yet to be decided in detail the equalities impact will be considered and assessed by the relevant service as part of the final decision-making and implementation process.

### **38 INFORMATION, COMMUNICATIONS AND TECHNOLOGY (ICT) IMPLICATIONS**

- 39.1 There are addressed through the report.

### **39 LEGAL IMPLICATIONS**

- 39.1 The Executive Director Resources and Assets, who is the Council's Chief Financial Officer, is required, under the section 25 of the Local Government Act 2003 to report on the robustness of the estimates made for the purpose of calculating the Council Tax and the adequacy of reserves. This is included throughout the report and in particular at paragraphs 32 and 40.
- 39.2 The Council is required to set a balanced budget. To achieve this, the Council is required by the Local Government Finance Act 1992 to make estimates of gross Revenue expenditure and anticipated income, leading to a calculation of a budget requirement and the setting of an overall budget and Council Tax. The amount of the budget requirement must be sufficient to meet the Council's legal and financial obligations, ensure the proper discharge of its statutory duties, and lead to a balanced budget. The budget as proposed is balanced.
- 39.3 The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term, and that the interests of both Council Tax payers and ratepayers on the one hand and the users of Council services on the other are both taken into account.
- 39.4 Under powers contained in the Localism Act 2011, the government can require compulsory referenda on Council Tax increases above limits it sets. For 2020/21, the provisional limit is 2%. The proposal is within the threshold, so, if it is approved, the Council will not be required to hold a referendum. The government has also provisionally announced an additional threshold of 2% for authorities with adult social care responsibilities. The Borough needs to raise Council Tax on this account for 2020/21 and is therefore proposing to implement the precept.
- 39.5 Section 106, Local Government Finance Act 1992, applies to Members where:

- they are present at a meeting of the Council, the Cabinet (Leadership Team) or a Committee and at the time of the meeting an amount of Council Tax is payable by them and has remained unpaid for at least two months; and
- any budget or Council Tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

In these circumstances, any such Members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter. Such Members are not debarred from speaking. Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

39.6 In considering whether to approve the draft budget, members are required to comply with the public sector equality duty contained in the Equality Act 2010, as set out in paragraph 37 above. The equality impacts of specific budget proposals were assessed and reported to Leadership Team on 14 November and are also being considered alongside the detailed service budgets by Overview and Scrutiny Committee in January and February 2020. The impact of the proposed increase in Council Tax is described in paragraph 37 of this report. Members should take these implications into account in making their decision.

#### **40 FINANCIAL AND RESOURCES IMPLICATIONS**

40.1 These are addressed throughout the report. In addition, in setting the annual budget, Section 25 of the Local Government Finance Act 2003 requires the Executive Director Resources and Assets (Section 151 Officer) to report to Members on the robustness of budget estimates and the adequacy of proposed financial reserves. The Executive Director Resources and Assets comments that:

40.2 I am satisfied that the budget calculations are robust and that the budget takes account of liabilities and financial risks, but in particular it assumes that the Council will not rely on withdrawals from reserves to meet recurrent revenue commitments.

40.3 I consider that current levels of unallocated reserves remain adequate. In setting the level of general reserves and balances, account has been taken of the key financial assumptions underpinning the budget, the level of earmarked reserves and provisions, and the risks facing the Council over the medium-term. Financial Plans assume that over the planning period the Council is forecast to maintain a target of general balances of £10m. Maintaining general balances at this level is considered a minimum position.

**MIKE CURTIS**  
**EXECUTIVE DIRECTOR RESOURCES AND ASSETS**

**Local Government Act 1972 (as amended) – Background papers used in the preparation of this report.**

2020/21 budget files and the local government finance settlement (grant notification for 2019-20).

Council Tax Base 2020/21 – approved under delegated authority.

**Contact officers:**

Mike Curtis, Executive Director Resources and Assets, Royal Borough of Kensington and Chelsea. Phone:.020 7361 2384 E-mail: [mike.curtis@rbkc.gov.uk](mailto:mike.curtis@rbkc.gov.uk)

Taryn Eves, Director of Financial Management, Royal Borough of Kensington and Chelsea  
[taryn.eves@rbkc.gov.uk](mailto:taryn.eves@rbkc.gov.uk)

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## **APPENDIX 1 - MEDIUM TERM FINANCIAL POSITION**

The Council aligns its financial strategy with its ambitions through a rolling three-year cycle of business planning. This is set out in more detail in the main body of the report in terms of the Council's approach for dealing with the financial challenges. The current Medium-Term Financial Strategy was refreshed in July 2019 and sets out the financial framework for delivering the Council's priorities set out in the Corporate Plan published in March 2020.

The MTFS can be found at this link on the Council's website:

### **RBKC MTFS Approved in July 2019**

The aim of the financial strategy is to:

- Plan the Council's finances over the next three years, taking account of both the local and national context;
- Provide the financial framework for the Council's priorities and ensure that these priorities drive the financial strategy and the allocation of financial resources; and
- Manage and mitigate future budget risks by forward planning and holding reserves as appropriate;

The MTFS is subject to continuous review and refinement in the light of latest information as it emerges. The budget position for the next three years, showing the latest resource projections and estimates of expenditure, is set out in the following table:

**GENERAL FUND DRAFT BUDGET 2020-21**

	2019/20	Inflation	Adjust	Growth	Savings	Savings	Fees /	2020/21
	£'000	£'000	£'000	£'000	£'000	prev yrs	Charges	£'000
							£'000	£'000
<b>Expenditure</b>								
Services	140,188	2,361	-1,059	10,227	(5,579)	(1,710)	(103)	144,325
Grenfell	12,000							12,000
Grenfell corporate costs			4,500					4,500
<b>TOTAL SERVICES</b>	<b>152,188</b>	<b>2,361</b>	<b>3,441</b>	<b>10,227</b>	<b>(5,579)</b>	<b>(1,710)</b>	<b>(103)</b>	<b>160,825</b>
Corporate items	(2,077)	5,093	(1,676)	750	(3,500)			(1,410)
Levies	12,358		329		(220)			12,467
<b>NET OPERATING EXPENDITURE</b>	<b>162,469</b>	<b>7,454</b>	<b>2,094</b>	<b>10,977</b>	<b>(9,299)</b>	<b>(1,710)</b>	<b>(103)</b>	<b>171,882</b>
Contingency	5,500		(289)					5,211
Transfer to/from reserves	(4,500)		(6,000)					(10,500)
New Homes Bonus	(1,736)		953					(783)
Adult social care grants	(1,481)		(3,612)					(5,093)
<b>AMOUNT MET FROM BUSINESS RATES AND CTAX</b>	<b>160,252</b>	<b>7,454</b>	<b>(6,854)</b>	<b>10,977</b>	<b>(9,299)</b>	<b>(1,710)</b>	<b>(103)</b>	<b>160,717</b>
Retained business rates	(61,830)		7,270					(54,560)
Revenue Support Grant			(10,108)					(10,108)
MHCLG BR Levy surplus	(796)		597					(199)
<b>SETTLEMENT FUNDING ASSESSMENT (SFA)</b>	<b>(62,626)</b>	<b>0</b>	<b>(2,241)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(64,867)</b>
Additional Retained Business Rates	(3,200)		3,200					-
Contribution from collection fund	(7,973)		2,218		(200)			(5,955)
<b>COUNCIL TAX REQUIREMENT</b>	<b>86,453</b>	<b>7,454</b>	<b>(3,677)</b>	<b>10,977</b>	<b>(9,499)</b>	<b>(1,710)</b>	<b>(103)</b>	<b>89,895</b>
<b>ESTIMATED COUNCIL TAX INCOME</b>								<b>(89,895)</b>

### THREE YEAR MEDIUM TERM FINANCIAL POSITION

	Draft 2020/21 £'000	Inflation	Adjust	Growth	Savings	Forecast 2021/22	Inflation	Adjust	Growth	Savings	Forecast 2022/23
<b>Expenditure</b>											
Services	144,325	5,564		7,148	(4,497)	152,540	5,577		6,312	(2,783)	161,646
Grenfell	12,000		(4,000)			8,000					8,000
Grenfell corporate costs	4,500					4,500					4,500
<b>TOTAL SERVICES</b>	<b>160,825</b>	<b>5,564</b>	<b>(4,000)</b>	<b>7,148</b>	<b>(4,497)</b>	<b>165,040</b>	<b>5,577</b>	<b>-</b>	<b>6,312</b>	<b>(2,783)</b>	<b>174,146</b>
Corporate items	(1,410)	4,063	(2,217)	750		1,186	4,063	(2,317)	750		3,682
Levies	12,467			245		12,712			250		12,961
<b>NET OPERATING EXPENDITURE</b>	<b>171,882</b>	<b>9,627</b>	<b>(6,217)</b>	<b>8,143</b>	<b>(4,497)</b>	<b>178,938</b>	<b>9,640</b>	<b>(2,317)</b>	<b>7,312</b>	<b>(2,783)</b>	<b>190,789</b>
						-					-
Contingency	5,211		(58)			5,153					5,153
Transfer to/from reserves	(10,500)					(10,500)					(10,500)
New Homes Bonus	(783)		176			(607)		2			(605)
Adult social care grants	(5,093)		5,093			-					-
<b>AMOUNT TO BE MET FROM BUSINESS RATES AND CTAX</b>	<b>160,717</b>	<b>9,627</b>	<b>(1,006)</b>	<b>8,143</b>	<b>(4,497)</b>	<b>172,984</b>	<b>9,640</b>	<b>(2,315)</b>	<b>7,312</b>	<b>(2,783)</b>	<b>184,837</b>
						-					-
Retained business rates	(54,560)		(9,537)			(64,097)		(1,259)			(65,356)
Revenue Support Grant	(10,108)		10,108			-					-
MHCLG BR Levy surplus	(199)		199			-					-
<b>SETTLEMENT FUNDING ASSESSMENT (SFA)</b>	<b>(64,867)</b>	<b>-</b>	<b>770</b>	<b>-</b>	<b>-</b>	<b>(64,097)</b>	<b>-</b>	<b>(1,259)</b>	<b>-</b>	<b>-</b>	<b>(65,356)</b>
						-					-
Additional Retained Business Rates	-					-					-
Contribution from collection fund	(5,955)		5,955			-					-
<b>COUNCIL TAX REQUIREMENT</b>	<b>89,895</b>	<b>9,627</b>	<b>5,719</b>	<b>8,143</b>	<b>(4,497)</b>	<b>108,887</b>	<b>9,640</b>	<b>(3,574)</b>	<b>7,312</b>	<b>(2,783)</b>	<b>119,481</b>
Estimated Council Tax income	(89,895)					(92,135)					(94,558)
Budget gap (cumulative)	-					16,751					24,923

## APPENDIX 2 - RESERVES POLICY

### Background and context

Reserves are an important part of the Council's financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its strong financial standing and resilience. The Council's key sources of funding face an uncertain future and the Council therefore holds a limited number of earmarked reserves and a working balance in order to mitigate future financial risks.

Earmarked reserves are reviewed annually as part of the budget process, to determine whether the original purpose for the creation of the reserve still exists and whether or not the reserves should be released in full or in part. Following the Grenfell Tower fire, as part of the review of the Council's financial arrangements, the Council rationalised the number of earmarked reserves. The table below shows the current position and approved use for 2020/21 and then the three-year forecast for consideration.

Reserve	Restated Balance at 1 April 2019	Approved additions to or use of reserve 2019/20	Forecast Balance at 31 March 2020	Approved transfer to / from reserves 20/21	Forecast Balance at 31 March 2021	Forecast transfer to/from reserves 21/22 to 23/24	Forecast Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund Balance</b>	<b>(10,000)</b>	<b>-</b>	<b>(10,000)</b>	<b>-</b>	<b>(10,000)</b>	<b>-</b>	<b>(10,000)</b>
Grenfell	(48,713)	10,500	(38,213)	10,500	(27,713)	19,000	(8,713)
Special Projects/Transformation	(22,299)	6,293	(16,006)	8,546	(7,460)	1,055	(6,405)
Car Parking	(24,386)	3,918	(20,468)	5,817	(14,651)	-	(14,651)
Re-Organisation	(10,000)	755	(9,245)	1,500	(7,745)	4,500	(3,245)
Public Health	(4,908)	910	(3,998)	(660)	(4,658)	2,000	(2,658)
Insurance	(5,267)	-	(5,267)	-	(5,267)	-	(5,267)
Budget stabilisation	(11,482)	2,925	(8,557)	-	(8,557)	4,500	(4,057)
London Residuary Body	(3,984)	-	(3,984)	-	(3,984)	-	(3,984)
Budget Carry Forward	(2,517)	746	(1,771)	1000	(771)	771	-
Notting Hill Carnival	(375)	-	(375)	188	(187)	187	-
Dedicated Schools Grant	4,263	(740)	3,523	(718)	2,805	2,925	5,730
Street Trading	(341)	(65)	(406)	206	(200)	-	(200)

Reserve	Restated Balance at 1 April 2019	Approved additions to or use of reserve 2019/20	Forecast Balance at 31 March 2020	Approved transfer to / from reserves 20/21	Forecast Balance at 31 March 2021	Forecast transfer to/from reserves 21/22 to 23/24	Forecast Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Affordable Housing Reserve	-	(10,000)	(10,000)	-	(10,000)	-	(10,000)
Troubled Families	-	(553)	(553)	-	(553)	-	(553)
Local Projects	-	(175)	(175)	(175)	(350)	(525)	(875)
<b>Earmarked excl. schools</b>	<b>(130,009)</b>	<b>14,534</b>	<b>(115,475)</b>	<b>26,204</b>	<b>(89,271)</b>	<b>34,413</b>	<b>(54,858)</b>
Schools (ring-fenced)	(5,465)	0	(5,465)	0	(5,465)	0	(5,465)
<b>Total earmarked</b>	<b>(135,474)</b>	<b>14,534</b>	<b>(120,960)</b>	<b>26,204</b>	<b>(94,736)</b>	<b>34,413</b>	<b>(60,323)</b>
<b>GRAND TOTAL RESERVES</b>	<b>(145,474)</b>	<b>14,534</b>	<b>(130,960)</b>	<b>26,204</b>	<b>(104,736)</b>	<b>34,413</b>	<b>(70,323)</b>

### Grenfell

The Grenfell Reserve will be used to fund the five-year Recovery Strategy that was agreed in January 2019. The Council's commitment is to fund £50m expenditure over a five-year period. By 2023/24, there will be a residual balance on the Grenfell reserve which will enable continuation of dedicated support beyond the initial 5-year period

### Special Projects / Transformation

Following the fire at Grenfell Tower in June 2017, a review of the Council's reserves was undertaken. In most cases, funding was used to contribute towards the acquisition of new homes. At the same time, it was recognised that a need for some reserves remained. The Special Projects Reserve was established with a focus on being available for one off funding requirements. Recently, this reserve has been used to implement service re-design, transformation, pump priming for invest to save and revenue costs for delivering capital schemes, such as feasibility studies. With significant budget reductions still to be identified, officers are working on the assumption that some use will be required, either to support the delivery of savings or for one off costs.

### Re-Organisation Reserve

This reserve was established for 2019/20. Delivery of budget reductions of £40m over the next three years will result in some staffing and OD implications. This may include skills and development but may also include some staff reductions and possible redundancy costs. This reserve has been established to fund some of these one-off costs. Further use is inevitable over the next three years.

### Car Parking

The planned use of Car Parking Reserve is mainly focussed on funding expenditure in the Capital Programme over the next three years. The reserve may also be used for funding one off projects where spending meets the criteria.

### Public Health

This reserve holds unspent Public Health grant income from previous years and where contact efficiencies have been found as part of re-procurement processes. Over the next three years, the reserve will be used to fund new mental health and wellbeing services, to reduce serious youth violence and services that support people with dementia. The balance on the reserve in three years is expected to be between £2m and £3m.

### Insurance

The Insurance Fund is held to cover future self-insurance liabilities, especially in the event of unexpected increase in claim numbers or costs that need to be funded due to the first layer of self-insured retention of risk - £250,000 each claim. The rationale for self-insurance retention is that if for example the normally anticipated claims expenditure is £1m, then if cover was purchased to fund this anticipated and expected expenditure, insurers would no doubt seek an insurance premium to exceed this amount. Whilst there is no planned use of the reserve over the next three years, the Council may have possible future liabilities linked to Grenfell that may require use of the insurance or other reserves.

### Budget Stabilisation

The Budget Stabilisation Reserve was another reserve established following the review of reserves in 2017 but is different to the Special Projects Reserve. The end of year underspends over the previous two years have been transferred to this budget stabilisation reserve. There is no planned use of the reserve from 2020 onwards but use of this reserve is likely to manage fluctuations and uncertainty in Government funding.

### London Residuary Body (LRB)

The LRB reserve contains the balance of funding transferred to the Borough to fund residual liabilities relating to the former LRB. This reserve holds a fixed annual contribution that provides for variable annual maintenance costs.

### Budget Carry Forward

The budget carry forward reserve includes balances that have been put aside from previous years but for which there is planned use over the next two years.

### DSG

This reserve is ring-fenced for the Dedicated Schools Grant (DSG) which supports provision for the Council's maintained schools

### Troubled Families Reserve

This reserve has been created to manage balances of Troubled Families Grant Funding between Years.

### Affordable Housing Reserve

This reserve has been established for funds received to support the delivery of Affordable Housing in the borough. In 2019/20, this will include the Capital Receipt from the Wornington Road site following the sale to DfE.

### Local Projects

The Council Tax from those who are bereaved and survivors of the Grenfell Tower fire tragedy will be paid into the fund each year. The money will be ringfenced and focussed on supporting opportunities for disadvantaged young people or those who need help with employment and skills; mainly, but not exclusively, for those who live in social housing in the borough. The decisions on the how the funds are spent across projects will be in line with the Council's decision-making process – subject to Leadership Team approval.

In line with the recommendation, the Section 151 Officer, in consultation with the Lead Member for Finance and Modernisation will have delegated responsibility to agree transfers to and from reserves up to the value of £250,000. Any transfer in excess of £250,000 will be subject to Leadership Team approval.

## APPENDIX 3 – DRAFT REVENUE BUDGET SUMMARY 2020/21

DESCRIPTION	Budget 2019-20	Budget 2020-21
	£'000	£'000
<b>Service Budgets</b>	<b>£'000</b>	<b>£'000</b>
Adult Social Care and Public Health	41,469	39,454
Children's Services	42,096	42,044
Environment and Communities	21,672	26,323
General Fund Housing	20,249	7,465
Corporate Services	14,702	29,039
<b>Service Budgets Total</b>	<b>140,188</b>	<b>144,325</b>
Grenfell	12,000	12,000
Contingency	6,000	5,211
Grenfell corporate costs	-	4,500
Centrally held budgets	-	5,070
<b>Net Cost of Services</b>	<b>158,188</b>	<b>171,106</b>
External Interest	5,128	4,866
Pension Fund Liabilities	2,379	-
Capital Adjustment Account	(8,768)	(8,525)
Interest and Investment Income	(1,316)	(2,821)
<b>Net Operating Expenditure</b>	<b>155,611</b>	<b>164,626</b>
<b>Transfers to (+)/from(-) reserves</b>	<b>(4,500)</b>	<b>(10,500)</b>
<b>TOTAL EXCLUDING LEVIES</b>	<b>151,111</b>	<b>154,126</b>
<b>Levies</b>		
London Boroughs Grants Scheme	118	117
Environment Agency	232	230
London Pensions Fund Authority	1,467	1,463
Garden Squares	1,783	1,775
Taxi card (previously shown under Adults)	-	230
Concessionary fares	8,758	8,652
<b>Total Levies</b>	<b>12,358</b>	<b>12,467</b>
<b>BUDGET REQUIREMENT</b>	<b>163,469</b>	<b>166,593</b>
<b>FUNDING BY</b>		
Revenue Support Grant		(10,108)
New Homes Bonus Grant	(1,736)	(783)
Adult social care grants	(1,481)	(5,093)
MHCLG BR Levy surplus	(796)	(199)
Retained Business Rates	(65,030)	(54,560)
Collection Fund Surplus	(7,973)	(5,955)
<b>TOTAL EXTERNAL FUNDING</b>	<b>(77,016)</b>	<b>(76,698)</b>
<b>RBKC COUNCIL TAX REQUIREMENT</b>	<b>86,453</b>	<b>89,895</b>



<b>DESCRIPTION</b>	<b>Budget 2019-20</b>	<b>Budget 2020-21</b>	
<b>PRECEPTS</b>			
Greater London Authority	31,227	32,379	
<b>LOCAL TAX REQUIREMENT</b>	<b>117,680</b>	<b>122,257</b>	
<b>TAX BASE - BAND D EQUIVALENTS</b>	<b>97,429</b>	<b>97,506</b>	
<b>COUNCIL TAX - BAND D</b>	£	£	%
Royal Borough (excl Garden Square special expenses)	870.04	904.76	3.99%
Greater London Authority	320.51	332.07	3.61%
<b>TOTAL BASIC COUNCIL TAX - BAND D</b>	<b>£1,190.55</b>	<b>£1,236.83</b>	
Royal Borough (incl Garden Square special expenses)	887.34	921.94	3.90%
Greater London Authority	320.51	332.07	3.61%
<b>TOTAL BASIC COUNCIL TAX - BAND D</b>	<b>£1,207.85</b>	<b>£1,254.01</b>	

## APPENDIX 4 - SERVICE AREA AND SUBJECTIVE AND BUDGET SUMMARIES

### COUNCIL WIDE

Service area	Budget 2019-20	Inflation	Savings	Growth	Other adjustments	Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	41,470	207	(1,400)	500	(1,323)	39,454
Public Health	-	-	(637)	56	581	-
Children's Services	42,096	485	(955)	969	(551)	42,044
Environment and Community	21,672	524	(3,519)	2,253	5,393	26,323
Housing and Property	20,249	150	(2,335)	1,815	(12,414)	7,465
Support Services	14,702	995	(430)	4,690	9,082	29,039
<b>Total Net Budget</b>	<b>140,189</b>	<b>2,361</b>	<b>(9,276)</b>	<b>10,283</b>	<b>768</b>	<b>144,325</b>

Subjective Analysis	Budget 2019-20	Inflation	Savings	Growth	Other adjustments	Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	106,641	1,830	(1,588)	3,979	1,201	112,062
Premises	20,144	282	-	1,909	82	22,418
Transport	617	-	(1)	2	11	629
Supplies & Services	74,595	25	(930)	732	(1,062)	73,360
Third Party Payments	217,701	303	(3,330)	2,977	(4,714)	220,645
Transfer Payments	131,897	-	(164)	112	(8,106)	123,739
Depreciation and recharges	38,715	2	-	-	58	38,776
<b>Total Expenditure</b>	<b>590,309</b>	<b>2,442</b>	<b>(6,013)</b>	<b>9,711</b>	<b>(12,530)</b>	<b>591,628</b>
Government Grants	(166,469)	-	-	-	4,937	(161,532)
Other Grants	(9,465)	(42)	-	-	6,557	(12,950)
Dedicated Schools Grant	(68,181)	-	-	-	-	(75,889)
Other Income	(88,410)	(39)	(2,720)	99	(35,463)	(126,533)
Client Receipts	(107,596)	-	(543)	473	37,267	(70,398)
<b>Total Income</b>	<b>(450,120)</b>	<b>(81)</b>	<b>(3,263)</b>	<b>572</b>	<b>13,297</b>	<b>(447,303)</b>
<b>Net Expenditure</b>	<b>140,189</b>	<b>2,361</b>	<b>(9,276)</b>	<b>10,283</b>	<b>768</b>	<b>144,325</b>

## ADULT SOCIAL CARE

Service area	Budget 2019-20	Inflation	Savings	Growth	Other adjustments	Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000
Assistive Equipment and Technology	222	3	-	-	-	225
Commissioning and Service Delivery	7,293	-	-	-	(1,351)	5,942
Learning Disability Support	8,807	11	(352)	127	(473)	8,120
Mental Health Support	3,924	-	(192)	58	20	3,810
Physical Support	12,589	27	(793)	283	761	12,867
Sensory Support	153	-	(5)	3	(2)	149
Social Care Activities	6,863	166	-	-	-	7,029
Substance Misuse Support	-	-	-	-	-	-
Social Support – Support for Carer	-	-	-	-	-	-
Support with Memory and Cognition	1,259	-	(54)	29	(48)	1,186
Public Transport	230	-	-	-	(230)	-
Supporting People	130	-	(4)	-	-	126
<b>Total Net Budget</b>	<b>41,470</b>	<b>207</b>	<b>(1,400)</b>	<b>500</b>	<b>(1,323)</b>	<b>39,454</b>

Subjective Analysis	Budget 2019-20	Inflation	Savings	Growth	Other Adjustments	Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	12,596	180	-	-	90	12,866
Premises	274	-	-	-	0	274
Transport	94	-	(1)	-	25	118
Supplies & Services	2,218	-	-	-	-381	1,837
Third Party Payments	49,100	75	(885)	388	(5,501)	43,177
Transfer Payments	8,342	-	(164)	112	(1,917)	6,373
Support Service Recharge	3,305	-	-	-	(38)	3,267
Depreciation	168	-	-	-	-	168
<b>Total Expenditure</b>	<b>76,097</b>	<b>255</b>	<b>(1,050)</b>	<b>500</b>	<b>(7,722)</b>	<b>68,080</b>
Government Grants	(7,895)	-	-	-	(12)	(7,907)
Other Grants	(19,465)	(42)	-	-	6,557	(12,950)
Client Receipts	(5,082)	-	(350)	-	(146)	(5,578)
Internal Departmental Recharge	(2,185)	(6)	-	-	-	(2,191)
<b>Total Income</b>	<b>(34,627)</b>	<b>(48)</b>	<b>(350)</b>	<b>-</b>	<b>6,399</b>	<b>(28,626)</b>
<b>Net Expenditure</b>	<b>41,470</b>	<b>207</b>	<b>(1,400)</b>	<b>500</b>	<b>(1,323)</b>	<b>39,454</b>

## CHILDREN AND FAMILY SERVICES

Service area	Budget 2019-20	Inflation	Savings	Growth	Other adjustments	Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000
Education	7,412	165	(100)	520	-	7,997
Family Services	25,303	280	(680)	409	-	25,312
Operations and Programmes	8,246	40	(175)	-	(551)	7,560
School Funding	1,135	-	-	40	-	1,175
<b>Total Net Budget</b>	<b>42,096</b>	<b>485</b>	<b>(955)</b>	<b>969</b>	<b>(551)</b>	<b>42,044</b>

Subjective Analysis	Budget 2019-20	Inflation	Savings	Growth	Other adjustments	Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	31,157	415	(220)	255	-	31,607
Premises	592	-	-	-	-	592
Transport	191	-	-	-	-	191
Supplies & Services	22,682	-	-	-	(551)	22,131
Third Party Payments	84,631	70	(735)	714	4,916	89,596
Depreciation	1,173	-	-	-	-	1,173
<b>Total Expenditure</b>	<b>140,426</b>	<b>485</b>	<b>(955)</b>	<b>969</b>	<b>4,365</b>	<b>145,290</b>
Government Grants	(11,098)	-	-	-	-	(11,098)
Dedicated Schools Grant	(70,973)	-	-	-	(4,916)	(75,889)
Other Income	(10,910)	-	-	-	-	(10,910)
Client Receipts	(5,349)	-	-	-	-	(5,349)
<b>Total Income</b>	<b>(98,330)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(103,246)</b>
<b>Net Expenditure</b>	<b>42,096</b>	<b>485</b>	<b>(955)</b>	<b>969</b>	<b>(551)</b>	<b>42,044</b>

## PUBLIC HEALTH

Service area	Budget 2019-20	Inflation	Savings	Growth	Other adjustments	Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000
Behaviour Change	1,850	-	-	-	-	1,850
Sexual Health	3,883	-	(416)	-	-	3,467
Families and Children	4,901	-	(221)	-	-	4,680
Wider and Social Determinants	50	-	-	-	-	50
Substance Misuse	4,309	-	-	-	-	4,309
Public Health Investment fund	274	-	-	-	-	274
CCG Dietetics	1,010	-	-	25	-	1,035
Salaries & Overheads	1,554	-	-	31	-	1,585
Risk Provision & Transformation funding	2,626	-	-	-	-	2,626
Grant Income	(20,347)	-	-	-	(509)	(20,856)
Funding from Reserves	(110)	-	-	-	1,090	980
<b>Total Net Budget</b>	-	-	(637)	56	581	-

Subjective Analysis	Budget 2019-20	Inflation	Savings	Growth	Other adjustments	Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	595	-	-	31	-	626
Premises	-	-	-	-	-	-
Transport	-	-	-	-	-	-
Supplies & Services	19,862	-	(637)	25	-	19,250
Third Party Payments	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>20,457</b>	-	-	-	-	<b>19,876</b>
Government Grants	(20,347)	-	-	-	(509)	(20,856)
Other Income - Reserves	(110)	-	-	-	1,090	980
Client Receipts	-	-	-	-	-	-
<b>Total Income</b>	<b>(20,457)</b>	-	-	-	-	<b>(19,876)</b>
<b>Net Expenditure</b>	-	-	(637)	56	581	-

## ENVIRONMENT AND COMMUNITY SERVICES

Service area	Budget 2019-20	Inflation	Savings	Growth	Other adjustments	Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000
Cleaner, Greener & Cultural Services	29,114	93	(345)	238	(41)	29,059
Community Safety	3,987	30	(330)	-	4,698	8,385
Executive, Finance and Contingency	808	30	(48)	171	49	1,010
Libraries & Registrars	3,683	60	(48)	65	(2)	3,758
Parking	(35,983)	46	(2,170)	-	1,093	(37,014)
Planning and Borough Development	3,457	95	(425)	178	(262)	3,042
Public Protection	5,771	106	(10)	1,070	(91)	6,846
Transport & Highways	10,836	65	(143)	532	(51)	11,238
<b>Total Net Budget</b>	<b>21,672</b>	<b>524</b>	<b>(3,519)</b>	<b>2,253</b>	<b>5,393</b>	<b>26,323</b>

Subjective Analysis	Budget 2019-20	Inflation	Savings	Growth	Other adjustments	Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	24,885	524	(318)	1,820	871	27,781
Premises	3,314	-	-	-	428	3,743
Transport	234	-	-	-	-	234
Supplies & Services	16,963	-	(263)	46	2,783	19,529
Third Party Payments	33,221	-	(275)	-	(178)	32,768
Corporate Recharges	13,668	-	-	-	(148)	13,521
Depreciation	5,196	-	-	-	-	5,196
<b>Total Expenditure</b>	<b>97,480</b>	<b>524</b>	<b>(856)</b>	<b>1,866</b>	<b>3,756</b>	<b>102,771</b>
Government Grants	(16)	-	-	-	6	(10)
Dedicated Schools Grant	-	-	-	-	-	-
Other Income	(17,499)	-	(2,520)	99	(35,308)	(55,228)
Client Receipts	(58,294)	-	(143)	288	36,939	(21,209)
<b>Total Income</b>	<b>(75,808)</b>	<b>-</b>	<b>(2,663)</b>	<b>387</b>	<b>1,636</b>	<b>(76,448)</b>
<b>Net Expenditure</b>	<b>21,672</b>	<b>524</b>	<b>(3,519)</b>	<b>2,253</b>	<b>5,393</b>	<b>26,323</b>

## HOUSING, PROPERTY AND SOCIAL INVESTMENT

Service area	Budget 2019-20	Inflation	Savings	Growth	Other adjustments	Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Housing</b>						
Housing Director & Policy	398	18	-	-	113	529
Housing Needs	7,416	97	-	-	30	7,543
Temporary Accommodation	6,529	-	(1,435)	1,815	-	6,909
Commissioning	846	15	-	-	(118)	743
Supporting People	4,932	-	-	-	-	4,932
Travellers Site	15	-	-	-	-	15
Housing Finance	113	-	-	-	(113)	-
	20,249	130	(1,435)	1,815	(88)	20,671
<b>Property</b>						
Director of Social and Property Investment	-	4	-	-	(314)	(310)
Asset Management	-	6	-	-	142	148
Investment and Development	-	10	(700)	-	2	(688)
Capital Projects Team	-	0	(200)	-	(12,156)	(12,356)
	-	20	(900)	-	(12,326)	(13,206)
<b>Total Net Budget</b>	<b>20,249</b>	<b>150</b>	<b>(2,335)</b>	<b>1,815</b>	<b>(12,414)</b>	<b>7,465</b>

Subjective Analysis	Budget 2019-20	Inflation	Savings	Growth	Other adjustments	Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	6,077	148	(700)	-	1,366	6,891
Premises	58	-	-	-	563	621
Transport	9	-	-	-	1	10
Supplies & Services	748	-	-	-	383	1,131
Third Party Payments	48,385	-	(1,435)	1,815	126	48,891
Depreciation	87	-	-	-	518	605
Recharge Expenditure	2,685	2	-	-	727	3,414
<b>Total Expenditure</b>	<b>58,049</b>	<b>150</b>	<b>- 2,135</b>	<b>1,815</b>	<b>3,684</b>	<b>61,563</b>
Government Grants	(4,035)	-	-	-	92	(3,943)
Other Income	(301)	-	(200)	-	(15,268)	(15,769)
Client Receipts	(32,584)	-	-	-	(10)	(32,594)
Recharge Income	(880)	-	-	-	(912)	(1,792)
<b>Total Income</b>	<b>(37,800)</b>	<b>-</b>	<b>(200)</b>	<b>-</b>	<b>(16,098)</b>	<b>(54,098)</b>
<b>Net Expenditure</b>	<b>20,249</b>	<b>150</b>	<b>(2,335)</b>	<b>1,815</b>	<b>(12,414)</b>	<b>7,465</b>

## SUPPORT SERVICES

SUPPORT SERVICES	Budget 2019-20	Inflation	Savings	Growth	Other adjustments	Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Chief Executive</b>	<b>2,325</b>	<b>9</b>	<b>-</b>	<b>250</b>	<b>-</b>	<b>2,584</b>
Chief Executive	2,325	9	-	250	-	2,584
Communications	10	10	-	-	(1)	19
Community Engagement	3,981	15	-	669	(4,665)	-
Governance and Co-ordination	3,361	47	-	440	(74)	3,774
<b>Resources and Assets</b>						
Audit, Risk, Fraud and Insurance	302	32	-	-	278	612
Financial Management	5,025	193	150	280	654	6,302
Customer Delivery	10,046	459	(480)	2,430	505	12,960
Human Resources and Elections Service	1,081	70	(100)	436	(5)	1,482
Information & Communication Technology	808	103	-	185	119	1,215
Legal Services	38	57	-	-	(4)	91
Corporate Property	(12,275)	-	-	-	12,275	-
<b>Total Net Budget</b>	<b>14,702</b>	<b>995</b>	<b>(430)</b>	<b>4,690</b>	<b>9,082</b>	<b>29,039</b>

Subjective Analysis	Budget 2019-20	Inflation	Savings	Growth	Other adjustments	Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	31,331	563	(350)	1,873	(1,126)	32,291
Premises	15,906	282	-	1,909	(909)	17,188
Transport	89	-	-	2	(15)	76
Supplies & Services	12,122	25	(30)	661	(3,296)	9,482
Third Party Payments	5,156	158	-	60	839	6,213
Transfer Payments	123,555	-	-	-	(6,189)	117,366
Internal Trading charges	425	-	-	-	(63)	362
Depreciation	3,554	-	-	-	(469)	3,085
Recharge Expenditure	8,454	-	-	-	(469)	7,985
<b>Total Expenditure</b>	<b>200,592</b>	<b>1,028</b>	<b>(380)</b>	<b>4,505</b>	<b>(11,697)</b>	<b>194,048</b>
Government Grants	(123,078)	-	-	-	5,360	(117,718)
Other Income	(20,139)	(33)	-	-	15,308	(4,864)
Client Receipts	(6,287)	-	(50)	185	484	(5,668)
Income from Internal Trading charges	(2,214)	-	-	-	(1,920)	(4,134)
Recharge Income	(34,172)	-	-	-	1,547	(32,625)
<b>Total Income</b>	<b>(185,890)</b>	<b>(33)</b>	<b>(50)</b>	<b>185</b>	<b>20,779</b>	<b>(165,009)</b>
<b>Net Expenditure</b>	<b>14,702</b>	<b>995</b>	<b>(430)</b>	<b>4,690</b>	<b>9,082</b>	<b>29,039</b>



## GRENFELL RECOVERY PROGRAMME

	2020-21 funding £'000
<b>Bereaved and survivors</b>	
Dedicated Service	4,500
Housing support	700
Accommodation	550
Support costs	300
<b>Total</b>	<b>6,050</b>
<b>Wider community</b>	
Commissioned support services	1,550
Malton Road hub	300
Community programme (including The Curve, Grenfell Projects Fund, Community Leadership Programme and Community Engagement)	2,700
Housing support	200
Accommodation	450
Support costs	450
<b>Total</b>	<b>5,650</b>
<b>Core costs</b>	
Core team	300
<b>Total</b>	<b>12,000</b>

## APPENDIX 5 - SPENDING AND INCOME PRESSURES

Description	2020/21	2021/22	2022/23
	£'000	£'000	£'000
<b>Adult Social Care</b>			
Additional funding to address the increasing complexity of need of vulnerable adults and people living longer	500	500	500
<b>Public Health</b>			
Salary inflation	31	-	-
Dietetics service - increased budget allocation	25	-	-
<b>Family and Children's Services</b>			
Additional costs for children's passenger transport service because of increasing numbers and more children with greater complexity of care needs	196	216	238
Additional costs for the increasing number of referrals and greater complexity of need for respite care for families with children with disabilities.	69	76	84
Additional costs for increased number of jointly funded social care placements	72	78	86
Additional costs for the Looked After Children budget to address greater complexity of care	137	144	150
Increased costs from an increase in care leaver numbers, due to the age profile of current looked after children and the statutory extension of support provision to 25.	200	225	250
Education Staffing Pressures arising from Bi-Borough Service formation	255	-	-
Teachers' Pension Agency Additional Pressure - Quarterly Payments	40	-	-
<b>Environment and Communities</b>			
Additional staffing costs resulting from disaggregation from LBHF and the establishment of new sovereign services for the Environment and Communities Directorate	1,400	-	-
Additional staffing capacity within the Building Control service to support compliance work from the new national Government 'Building Safety Regulator' (BSR).	132	-	-
Additional cost resulting from an increase in recycling and waste disposal costs	-	800	404
Reduce income target for Fixed Penalty Notices due to improved performance of utilities in highways reinstatement work	125	-	-

Description	2020/21	2021/22	2022/23
	£'000	£'000	£'000
Staffing pressures in Environmental Health following disaggregation of the service from LBHF	99	-	-
Loss of income following the end of Wi-Fi contract	163	-	-
Introduction of the 'Build ID' platform and Plan X digital planning guide for Spatial Planning which will improve opportunities for community engagement and allow officer to instantly assess and enquiry or application and for residents to be able to track progress.	46	-	-
Additional Staffing in Private Sector Housing	288	-	-
<b>Housing and Property</b>			
Additional costs of supporting the increasing numbers of people in temporary accommodation	1,815	909	800
<b>Support Services</b>			
Additional staffing costs for the establishment of a new Community Engagement Team	210	-	-
Loss of income following the end of WIFI contract	185	-	-
Additional staffing to deliver Human Resources and Organisational Development services previously undertaken by BT	436	-	-
Additional staffing costs for the establishment of a new Corporate Complaints Team	281	-	-
Increased costs of the facilities management service following the termination of the previous contract	1,909	-	-
Additional funding to implement the Economy Strategy	440	-	-
Additional funding for the City Living Local Life Scheme	389	-	-
Other adjustments	14	-	-
Additional staffing capacity to deliver policy and performance support	250	-	-
Additional staffing to deliver financial services previously undertaken by BT	280	-	-
Additional staffing budget to create a Consultation and Insight post	70	-	-
Increased capacity for the Council's corporate Health and Safety function	240		
	<b>10,283</b>	<b>2,948</b>	<b>2,512</b>

## APPENDIX 6 -2020/21 SAVINGS

Description	2020/21	2021/22	2022/23
	£'000	£'000	£'000
<b>Adult Social Care</b>			
Previously Approved Savings	(1,050)	-	-
Review of Adult Social Care Financial Processes	(350)		
<b>Family and Children's Services</b>			
Previously Approved Savings	(385)	-	-
Review of the Multi Agency Safeguarding Hub	(70)	(50)	-
Integration of pre-birth to five pathways	(160)	(313)	(167)
Lean Operations review and more effective use of grants	(90)	-	-
Increased use of internal legal function rather than the purchasing of external solicitors	(50)	-	-
Efficiency savings achieved from being part of the West London Alliance Dynamic Purchasing Vehicle enabling greater choice of placements for children and young people and enabling value for money and better outcomes	(100)	-	-
Increased number of children and young people completing travel training and travelling independently to schools and colleges and reducing the need for Council transport	(50)	(50)	(50)
Review of sovereign services to assess whether there is further potential for bi-borough working which in turn releases greater efficiencies	(50)	(50)	(50)
<b>Environment and Community</b>			
CREST 2	(250)	(250)	
Planning Service – Business Improvement	(75)	(75)	(75)
Expanded Pest Control Offer: Bird Work	(10)	-	-
Registrar Commercialisation: increasing Income	(48)	(30)	(10)
Increase income from commercial waste	(75)	-	-
Greener Living efficiencies	(65)	(25)	50
Reduced cost of recycling processing due to low cost of rate per tonne recycled	(120)	-	-
Inflationary uplift in the charge for collecting Green Waste	(10)	-	-
Efficiencies within the Culture Service	(75)	-	-
New external funding opportunities to contribute towards the cost of road safety initiatives	(48)	-	-

Description	2020/21	2021/22	2022/23
	£'000	£'000	£'000
Review of the parking income budget to align with the current level of forecast income	(500)	-	-
Inflationary uplift of parking suspension charges	(170)	-	-
New external funding opportunities for spatial planning and business support	(350)	-	-
Cost reductions from the creation of a sovereign parks police service	(60)	-	-
Review of the community safety projects budget to ensure that it is targeted to priority areas	(20)	-	-
Savings from senior restructure after disaggregating service from Hammersmith and Fulham	(143)	-	-
Reduction in the annual contribution to the parking reserve	(1,500)	-	-
<b>Housing and Property</b>			
Registered Providers	(100)	(250)	(250)
Reduction in the need for Temporary Accommodation	(1,335)	(691)	-
Capitalisation of project staffing costs	(700)	-	-
Increase in income through the Council's Property portfolio	(200)	(250)	(250)
<b>Support Services</b>			
Reduction in LPFA Pension Contribution (reversal of one-off saving)	150	-	-
Savings resulting from the review of the Customer Service Centre Model	(30)	(30)	(60)
Review of the reception and front of house services – increase use of technology in reception areas (vgreet)	(35)	(35)	-
Review of Customer Delivery staffing structures and realignment of roles and responsibilities	(55)	(60)	-
Review of HR staffing structures and realignment of roles and responsibilities	(100)	-	-
Work Well – Proactively manage the use of space	(85)	-	-
Review of Financial Management - Staffing	-	(300)	(200)
Previously Approved Savings	(275)	(190)	-
<b>Public Health</b>			
Sexual Health	(416)	-	-
Families and Children	(221)	-	-
<b>Total</b>	<b>(9,276)</b>	<b>(2,649)</b>	<b>(1,062)</b>

## APPENDIX 7 -FEEDBACK FROM BUDGET CONSULTATION

### 1. Consultation with the wider community

A consultation was carried out on the draft savings proposals and new capital investment. Information was included on the Council's website and in libraries and was communicated broadly through various channels to the general public, businesses and key partners, inviting them to contribute.

Six responses were received.

- **Two people opposed the proposals within Environment and Community Services with a concern on the loss of police officers from the implementation of CREST 2.**

These concerns on the proposed changes to the service under CREST 2 is acknowledged and the changes will be closely monitored to ensure any impact is considered. Resident feedback will also be sought as part of implementation of the new services.

- **One person opposed the proposals for Family and Children's Services with a concern of no plans to improve the safeguarding service.**

All services will be subject to a review as part of the Futures Programme and therefore improvements will be considered as part of this process.

- **Two people opposed the proposals within Housing Services.**

These concerns relate to the Council's social housing and repairs service which is part of the HRA budget and has been considered as part of the HRA Budget and Business Planning process. Over the next seven years, the Council will invest £267m into its housing stock.

- There was no opposition to the proposals within Corporate Services.

The response rate was low and the Council is looking to address this for 2020/21 and develop a more overarching engagement process on the Council's finances from April 2020 in the run up to next year's budget process.

### 2. Overview and Scrutiny Committee

The final report of the Overview and Scrutiny Committee can be found at Appendix 8 and was agreed at their meeting on 28 January. The report sets out their approach to the consultation and a series of recommendations which are set out below along with Lead Member responses:

#### Recommendation One

**Closely monitor the savings proposals relating to CREST 2, especially monitoring whether resident feedback has ramifications on the level of anticipated savings.**

During 2020/21, Overview and Scrutiny Committee will receive regular updates on the Council's finance position, which will include progress against savings. Resident feedback will be sought as part of implementation of the new services.

### **Recommendation Two**

**Support the reduction of the savings proposal relating to housing registered providers from £960,000 over three years to £600,000 because this is more realistic and achievable, and to support the proposals to further enhance liaison and communication with registered providers.**

Savings for 2020/21 and future years have been adjusted in line with these revised estimates.

### **Recommendation Three**

**That officers consider long term effects when choosing by what percentage to increase fees and charges.**

As work progresses through 2020/21 to identify further opportunities for income generation and the implementation of the Council's Charging Policy (see Appendix 14), the long-term impacts will be considered both in terms of impact on individuals but also the need for steady year on year increases rather than infrequent sharp increases. This will be addressed through the implementation of the Charging Policy which is being agreed as part of this budget process.

### **Recommendation Four**

**To begin the budgeting process earlier in the year and to expand the involvement of Scrutiny in this process.**

The budgeting process for 2021/22 will commence in April 2020 as part of the lead up to publication of the Medium-Term Financial Strategy in July 2020. It is anticipated that Scrutiny will play a key role in the process and involved in the early discussions on some of the budget proposals as they develop. Officers will also arrange a discussion with Overview and Scrutiny Committee to review the process for this year and improvements that can be made and also how Overview and Scrutiny Committee would like to be more involved going forward. This meeting will be planned for March 2020. Lead Members welcome the opportunity for ongoing engagement with the Budget Working Group from April 2020.

### **Recommendation Five**

**Consider whether the proposed levels of borrowing for both the General Fund and the HRA Investment Programme are prudent, and to note the concern that the Overview and Scrutiny Committee has with the high levels of proposed borrowing**

The Council's total capital programme for the next three years is £714m. Of this, £197m relates to the Housing Revenue Account and £250m relates to the New Homes Programme and the Council's commitment to deliver 600 new homes in the borough, of which at least 300 will be homes for social rent. In terms of funding of the programme, £397m is assumed as borrowing, of which £50m relates to the Housing Revenue Account and £216m relates to the New Homes Programme.

### New Homes Programme

It is anticipated that the 300 homes not for social rent will be a mix of intermediate rent, market rent and market sale. The rental income and any capital receipts will fund the

costs of borrowing and therefore the net impact on the Councils financial position in the long term will be nil.

#### Housing Revenue Account

The level of investment required for the Housing Revenue Account is to ensure the condition of the current stock is addressed following the Stock Condition Survey in 2018 and the commitment to increase the supply of social housing is met. The cost of borrowing have been factored into the draft 2020/21 budget for the HRA and are affordable

The remaining capital investment in the General Fund is £267m and is broadly in line with levels in previous years. Borrowing of around £131m could be required but all of these costs have been factored into the draft 2020/21 budget and are considered affordable. It is important to note that borrowing will only be undertaken when the funding is required.

#### **Recommendation Six**

**Maximise the use of electric vehicles in the procurement of vehicles for the Waste and Cleansing Services contract and to use this procurement process as an opportunity to work towards the Council's Air Quality and Climate Change targets**

The Council is committed to improve air quality and addressing climate change. As part of developing the new Waste and Street Cleaning services, all opportunities to improve air quality and address climate change will be considered, including any use of electric vehicles.

#### **Recommendation Seven**

**Maintain and grow and risk management processes that are currently in operation, particularly with regard to the HRA.**

The budget for both the General Fund and the HRA has been based on the latest information and assumptions around spending plans. However, there are a number of risks to the Council's financial position. These are set out in both this report and the separate report on the HRA. The Council's overall approach to risk and the management of risks is set out in the Annual Governance Statement that is published as part of the Statement of Accounts. However, the Council is always looking to improve its approach. This is usually discussed at Audit and Transparency Committee but a review by Overview and Scrutiny Committee during the year can also be considered.

#### **Recommendation Eight**

**Look closely at the rationale and evidence base for the large amounts of capital investment being put into school building and expansion and to think whether the money is being put to best use given the falling rolls at primary schools.**

The Council has a statutory requirement to ensure that there are adequate school places for children in the borough. At the current time, there are pressures with secondary school places that must be addressed. It is acknowledged that the demand for places is volatile and can vary year on year and currently primary school rolls are



falling. However, this trend could reverse in any year and therefore the additional places provide access to the additional places that are required now but also possibly in the future. The additional places also ensures that there is choice and access for children outside of the borough.

### **Recommendation Nine**

**Consider whether the increased investment is needed in Adult Social Care and to note and support Scrutiny's upcoming work examining the financial sustainability of Adult Social Care.**

The draft budget includes an additional £500,000 for pressures within the Adult Social Care budget for supporting clients with greater complexity of need. This is based on the trend analysis over the last few years and also the national recognised Poppi and Pansi data sets.

In addition, as contract negotiations are completed during the first few months of the year, additional funding will be included within the adult social care budget from the corporate allocation for inflation costs.

It is acknowledged that this budget remains volatile and there are a number of risks but these will be closely monitored through the year and action will be considered as required. Updates will be provided to Overview and Scrutiny Committee through the quarterly finance update.

Within Adult Social Care, work has started to develop a three to five-year plan to ensure a sustainable service and Lead Members welcome the engagement of Overview and Scrutiny Committee and/or Adult Social Care and Health Select Committee in this work.

**APPENDIX 8 - OSC BUDGET WORKING GROUP FINAL REPORT  
RECOMMENDATIONS**

**See separate attachment**

## APPENDIX 9 - COUNCIL TAX RESOLUTION

### Statutory Determination of Council Tax 2020-21

#### by the Royal Borough of Kensington and Chelsea

The Council is recommended, in accordance with the *Local Government Finance Act 1992*, to:

- 1) Note that the Executive Director Resources and Assets, acting under delegated authority, has calculated its Council Tax Base for the year 2020/21:
  - i) for the whole Council area as **97,506** in accordance with the relevant regulations; and
  - ii) as set out in column 3 of **Appendix 10** (Garden Square Levies) for those parts of its area to which one or more special items relate, as calculated under the relevant regulations.
- 2) Notes the Collection Fund surplus (Council's share) of **£5.955m** at 31 March 2020 to support the General Fund budget.
- 3) Note the statements in section 32 of the report regarding the robustness of budget estimates and adequacy of reserves relating to the 2020/21 budget,
- 4) Agree the following amounts be calculated for the year 2020/21 in accordance with Sections 31A, 31B and 34 to 36 of the Act:
  - i) **£624.396 million** as the aggregate of the amounts that the Council estimates for the items set out in Section 31A(2)(a) to (f) of the Act, taking into account the special items issued to the Council;
  - ii) **£534.501 million** as the aggregate of the amounts that the Council estimates for the items set out in Section 31A(3)(a) to (d) of the Act;
  - iii) **£89.895 million** as the Council Tax Requirement in accordance with Section 31A (4) of the Act, being the amount by which the aggregate at 4i) above exceeds the aggregate at 4ii) above;
  - iv) **£921.94** as the basic amount of Council Tax for the year, being the Council Tax Requirement at 4iii) above, divided by the Council Tax Base set out at 1i) above, in accordance with Section 31B (1) of the Act;
  - v) **£1,675,263** being the aggregate amount of the special items under Section 35 of the Act for the purposes of Section 34 of the Act;
  - vi) **£904.76** as the basic amount of Council Tax for dwellings in the parts of its area to which no special items apply, being the Council Tax Requirement at 4iv) above less the result of dividing the aggregate of the special items at 4v)

above by the Council Tax Base set out in 1i) above, in accordance with Section 34(2) of the Act; and

- vii) the amounts set out in column 6 of **Appendix 10** (Garden Square special expenses) for each garden square, being the basic amount of Council Tax for a dwelling in each area to which one or more special item applies, calculated by adding to the amount set out in 4vi) above, the result of dividing the special items for each area, set out in column 4, by the Council Tax Base for each area, set out in column 3, in accordance with Section 34(3) of the Act.
- 5) Note that **Appendix 11** (Royal Borough of Kensington and Chelsea Council Tax) sets out the amounts of Council Tax for 2020/21 for each part of its area and for each of the categories of dwellings excluding precepts payable to other authorities.
- 6) Note that for the year 2020-21, the Greater London Authority has issued precepts to the Council in respect of the functional bodies under its control, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as shown below:

<b>Band</b>	<b>2020/21</b>
Band A	£221.38
Band B	£258.28
Band C	£295.17
<b>Band D</b>	<b>£332.07</b>
Band E	£405.86
Band F	£479.66
Band G	£553.45
Band H	£664.14

- 7) Agree that the Council, in accordance with Sections 30 and 36 of the Act, hereby sets the aggregate amounts of Council Tax for 2020/21 for each part of its area and for each of the categories of dwellings as shown in **Appendix 12** (Total Council Tax).

## APPENDIX 10 - GARDEN SQUARE LEVIES

ROYAL BOROUGH COUNCIL TAX - GARDEN SQUARES							
KENSINGTON IMPROVEMENT ACT 1851							
(1)	(2)	(3)			(4)	(5)	(6)
CODE	GARDEN SQUARE	BAND D EQUIVALENTS (dwellings)	GARDEN LEVY	LESS FORECAST COUNCIL TAX SUPPORT	GARDEN SPECIAL EXPENSES	GARDEN TAX BAND D	BAND D TAX INCL GARDEN
			£	£	£	£	£
900	Addison Gardens	127	39,690	- 1,880	37,810	297.71	1,202.47
901	Arundel Gardens/Ladbroke Garden	250	85,000	- 6,380	78,620	314.48	1,219.24
902	Avondale Park Gardens	30	1,800	- 275	1,525	50.85	955.61
904	Barkston Gardens	254	50,000	- 755	49,245	193.88	1,098.64
906	Bina Gardens (West)	190	27,500	- 1,736	25,764	135.60	1,040.36
907	Bolton Gardens	112	44,500	- 560	43,940	392.32	1,297.08
908	Bramham Gardens	392	41,000	- 5,915	35,085	89.50	994.26
909	Brompton Square	156	28,000	- 156	27,844	178.49	1,083.25
912	Campden Hill Square	85	35,000	- 1,178	33,822	397.91	1,302.67
913	Campden House Court	220	28,000	- -	28,000	127.27	1,032.03
914	Clarendon Road/Lansdowne Road	40	17,500	- -	17,500	437.50	1,342.26
915	Collingham Gardens	183	34,000	- 232	33,768	184.53	1,089.29
916	Cornwall Gardens	646	72,500	- 900	71,600	110.84	1,015.60
917	Courtfield Gardens (East)	216	21,000	- 176	20,824	96.41	1,001.17
918	Courtfield Gardens (West)	430	70,000	- 1,864	68,136	158.46	1,063.22
921	Earls Court Square	288	25,000	- 591	24,409	84.75	989.51
922	Edwardes Square	241	71,831	- 215	71,616	297.16	1,201.92
925	Gledhow Gardens	249	55,000	- 2,547	52,453	210.65	1,115.41
928	Hereford Square	78	24,000	- -	24,000	307.69	1,212.45
929	Holland Road/Russell Road	178	28,863	- 3,871	24,991	140.40	1,045.16
930	Hornton Street/Holland Street	116	20,000	- 390	19,610	169.05	1,073.81
933	Iverna Court	198	12,000	- -	12,000	60.61	965.37
936	Kensington Square	127	30,000	- 1,807	28,193	221.99	1,126.75
939	Lexham Gardens	291	47,000	- 375	46,625	160.22	1,064.98
942	Moreton and Cresswell Gardens	100	28,550	- -	28,550	285.50	1,190.26
944	Nevern Square	311	40,700	- 2,791	37,909	121.89	1,026.65
945	Norland Square	172	26,400	- 794	25,606	148.87	1,053.63
948	Ovington Square	165	30,000	- 169	29,831	180.80	1,085.56
951	Pembridge Square	202	36,000	- 6,282	29,718	147.12	1,051.88
952	Philbeach Gardens	331	72,000	- 8,098	63,902	193.06	1,097.82
955	Royal Crescent	182	54,000	- 1,374	52,626	289.16	1,193.92
958	St James's Gardens	153	27,591	- 5,031	22,560	147.45	1,052.21
959	Stanley Crescent	184	42,000	- 4,574	37,426	203.40	1,108.16
960	Stanley Gardens (North)	117	45,000	- 1,586	43,414	371.06	1,275.82
961	Stanley Gardens (South)	155	50,000	- 7,943	42,057	271.33	1,176.09
962	Sunningdale Gardens	30	4,000	- 457	3,543	118.09	1,022.85
965	Wetherby Gardens	328	77,000	- 3,613	73,387	223.74	1,128.50
ROYAL BOROUGH COUNCIL TAX - GARDEN SQUARES							
TOWN GARDENS PROTECTION ACT 1863							
CODE	GARDEN SQUARE	BAND D EQUIVALENTS	GARDEN LEVY	LESS FORECAST COUNCIL TAX SUPPORT	GARDEN SPECIAL EXPENSES	GARDEN TAX BAND D	BAND D TAX INCL GARDEN
			£	£	£	£	£
975	Arundel Gardens/Elgin Crescent	275	70,000	- 4,566	65,434	237.94	1,142.70
977	Blenheim Crescent/Elgin Crescent	264	70,000	- 6,054	63,946	242.22	1,146.98
978	Emperor's Gate	220	9,750	- 240	9,510	43.23	947.99
979	Ladbroke Grove	56	6,000	- 87	5,913	105.59	1,010.35
980	Rosmead Gardens	134	56,650	- 6,301	50,349	375.74	1,280.50
981	Lansdowne Gardens	153	36,000	- 1,491	34,509	225.55	1,130.31
982	Hanover Gardens	146	29,250	- 1,290	27,960	191.51	1,096.27
984	Montpelier Gardens	113	45,000	- 4,946	40,054	354.46	1,259.22
986	Notting Hill	36	10,000	- 321	9,679	268.86	1,173.62
			<b>1,775,075</b>	<b>- 99,812</b>	<b>1,675,263</b>		

**APPENDIX 11 -ROYAL BOROUGH OF KENSINGTON AND CHELSEA COUNCIL TAX**

	<b>2020-21</b>							
	<b>ROYAL BOROUGH COUNCIL TAX - BY BAND</b>							
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
	£	£	£	£	£	£	£	£
<b>TIES NOT IN GARDEN SQUARES</b>	603.17	703.70	804.23	904.76	1105.82	1306.88	1507.93	1,809.52
<b>STON IMPROVEMENT ACT 1851</b>	<b>ROYAL BOROUGH COUNCIL TAX - GARDEN SQUARES BY BAND</b>							
<b>GARDEN SQUARE</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
	£	£	£	£	£	£	£	£
Addison Gardens	801.65	935.25	1,068.86	1,202.47	1,469.69	1,736.90	2,004.12	2,404.94
Arundel Gardens/Ladbroke Gardens	812.83	948.30	1,083.77	1,219.24	1,490.18	1,761.12	2,032.07	2,438.48
Avondale Park Gardens	637.07	743.25	849.43	955.61	1,167.97	1,380.33	1,592.68	1,911.22
Barkston Gardens	732.43	854.50	976.57	1,098.64	1,342.78	1,586.92	1,831.07	2,197.28
Bina Gardens (West)	693.57	809.17	924.76	1,040.36	1,271.55	1,502.74	1,733.93	2,080.72
Bolton Gardens	864.72	1,008.84	1,152.96	1,297.08	1,585.32	1,873.56	2,161.80	2,594.16
Bramham Gardens	662.84	773.31	883.79	994.26	1,215.21	1,436.15	1,657.10	1,988.52
Brompton Square	722.17	842.53	962.89	1,083.25	1,323.97	1,564.69	1,805.42	2,166.50
Campden Hill Square	868.45	1,013.19	1,157.93	1,302.67	1,592.15	1,881.63	2,171.12	2,605.34
Campden House Court	688.02	802.69	917.36	1,032.03	1,261.37	1,490.71	1,720.05	2,064.06
Clarendon Road/Lansdowne Road	894.84	1,043.98	1,193.12	1,342.26	1,640.54	1,938.82	2,237.10	2,684.52
Collingham Gardens	726.19	847.23	968.26	1,089.29	1,331.35	1,573.42	1,815.48	2,178.58
Cornwall Gardens	677.07	789.91	902.76	1,015.60	1,241.29	1,466.98	1,692.67	2,031.20
Courtfield Gardens (East)	667.45	778.69	889.93	1,001.17	1,223.65	1,446.13	1,668.62	2,002.34
Courtfield Gardens (West)	708.81	826.95	945.08	1,063.22	1,299.49	1,535.76	1,772.03	2,126.44
Earls Court Square	659.67	769.62	879.56	989.51	1,209.40	1,429.29	1,649.18	1,979.02
Edwardes Square	801.28	934.83	1,068.37	1,201.92	1,469.01	1,736.11	2,003.20	2,403.84
Gledhow Gardens	743.61	867.54	991.48	1,115.41	1,363.28	1,611.15	1,859.02	2,230.82
Hereford Square	808.30	943.02	1,077.73	1,212.45	1,481.88	1,751.32	2,020.75	2,424.90
Holland Road/Russell Road	696.77	812.90	929.03	1,045.16	1,277.42	1,509.68	1,741.93	2,090.32
Hornton Street/Holland Street	715.87	835.19	954.50	1,073.81	1,312.43	1,551.06	1,789.68	2,147.62
Iverna Court	643.58	750.84	858.11	965.37	1,179.90	1,394.42	1,608.95	1,930.74
Kensington Square	751.17	876.36	1,001.56	1,126.75	1,377.14	1,627.53	1,877.92	2,253.50
Lexham Gardens	709.99	828.32	946.65	1,064.98	1,301.64	1,538.30	1,774.97	2,129.96
Moreton and Cresswell Gardens	793.51	925.76	1,058.01	1,190.26	1,454.76	1,719.26	1,983.77	2,380.52
Nevern Square	684.43	798.51	912.58	1,026.65	1,254.79	1,482.94	1,711.08	2,053.30
Norland Square	702.42	819.49	936.56	1,053.63	1,287.77	1,521.91	1,756.05	2,107.26
Ovington Square	723.71	844.32	964.94	1,085.56	1,326.80	1,568.03	1,809.27	2,171.12
Pembridge Square	701.25	818.13	935.00	1,051.88	1,285.63	1,519.38	1,753.13	2,103.76
Philbeach Gardens	731.88	853.86	975.84	1,097.82	1,341.78	1,585.74	1,829.70	2,195.64
Royal Crescent	795.95	928.60	1,061.26	1,193.92	1,459.24	1,724.55	1,989.87	2,387.84
St James's Gardens	701.47	818.39	935.30	1,052.21	1,286.03	1,519.86	1,753.68	2,104.42
Stanley Crescent	738.77	861.90	985.03	1,108.16	1,354.42	1,600.68	1,846.93	2,216.32
Stanley Gardens (North)	850.55	992.30	1,134.06	1,275.82	1,559.34	1,842.85	2,126.37	2,551.64
Stanley Gardens (South)	784.06	914.74	1,045.41	1,176.09	1,437.44	1,698.80	1,960.15	2,352.18
Sunningdale Gardens	681.90	795.55	909.20	1,022.85	1,250.15	1,477.45	1,704.75	2,045.70
Wetherby Gardens	752.33	877.72	1,003.11	1,128.50	1,379.28	1,630.06	1,880.83	2,257.00
<b>ARDENS PROTECTION ACT 1863</b>	<b>ROYAL BOROUGH COUNCIL TAX - GARDEN SQUARES BY BAND</b>							
<b>GARDEN SQUARE</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
	£	£	£	£	£	£	£	£
Arundel Gardens/Elgin Crescent	761.80	888.77	1,015.73	1,142.70	1,396.63	1,650.57	1,904.50	2,285.40
Blenheim Crescent/Elgin Crescent	764.65	892.10	1,019.54	1,146.98	1,401.86	1,656.75	1,911.63	2,293.96
Emperor's Gate	631.99	737.33	842.66	947.99	1,158.65	1,369.32	1,579.98	1,895.98
Ladbroke Grove	673.57	785.83	898.09	1,010.35	1,234.87	1,459.39	1,683.92	2,020.70
Rosmead Gardens	853.67	995.94	1,138.22	1,280.50	1,565.06	1,849.61	2,134.17	2,561.00
Lansdowne Gardens	753.54	879.13	1,004.72	1,130.31	1,381.49	1,632.67	1,883.85	2,260.62
Hanover Gardens	730.85	852.65	974.46	1,096.27	1,339.89	1,583.50	1,827.12	2,192.54
Montpellier Gardens	839.48	979.39	1,119.31	1,259.22	1,539.05	1,818.87	2,098.70	2,518.44
Notting Hill	782.41	912.82	1,043.22	1,173.62	1,434.42	1,695.23	1,956.03	2,347.24

**APPENDIX 12 -TOTAL COUNCIL TAX INCLUDING GREATER LONDON AUTHORITY PRECEPT**

		TOTAL COUNCIL TAX - BY BAND							
		A	B	C	D	E	F	G	H
PROPERTIES NOT IN GARDEN SQUARES		£	£	£	£	£	£	£	£
		824.55	961.98	1099.40	1236.83	1511.68	1786.54	2061.38	2473.66
KENSINGTON IMPROVEMENT ACT 1851		TOTAL COUNCIL TAX - GARDEN SQUARES BY BAND							
CODE	GARDEN SQUARE	A	B	C	D	E	F	G	H
		£	£	£	£	£	£	£	£
900	Addison Gardens	1023.03	1193.53	1364.03	1534.54	1875.55	2216.56	2557.57	3069.08
901	Arundel Gardens/Ladbroke Gardens	1034.21	1206.58	1378.94	1551.31	1896.04	2240.78	2585.52	3102.62
902	Avondale Park Gardens	858.45	1001.53	1144.60	1287.68	1573.83	1859.99	2146.13	2575.36
904	Barkston Gardens	953.81	1112.78	1271.74	1430.71	1748.64	2066.58	2384.52	2861.42
906	Bina Gardens (West)	914.95	1067.45	1219.93	1372.43	1677.41	1982.40	2287.38	2744.86
907	Bolton Gardens	1086.10	1267.12	1448.13	1629.15	1991.18	2353.22	2715.25	3258.30
908	Bramham Gardens	884.22	1031.59	1178.96	1326.33	1621.07	1915.81	2210.55	2652.66
909	Brompton Square	943.55	1100.81	1258.06	1415.32	1729.83	2044.35	2358.87	2830.64
912	Campden Hill Square	1089.83	1271.47	1453.10	1634.74	1998.01	2361.29	2724.57	3269.48
913	Campden House Court	909.40	1060.97	1212.53	1364.10	1667.23	1970.37	2273.50	2728.20
914	Clarendon Road/Lansdowne Road	1116.22	1302.26	1488.29	1674.33	2046.40	2418.48	2790.55	3348.66
915	Collingham Gardens	947.57	1105.51	1263.43	1421.36	1737.21	2053.08	2368.93	2842.72
916	Cornwall Gardens	898.45	1048.19	1197.93	1347.67	1647.15	1946.64	2246.12	2695.34
917	Courtfield Gardens (East)	888.83	1036.97	1185.10	1333.24	1629.51	1925.79	2222.07	2666.48
918	Courtfield Gardens (West)	930.19	1085.23	1240.25	1395.29	1705.35	2015.42	2325.48	2790.58
921	Earls Court Square	881.05	1027.90	1174.73	1321.58	1615.26	1908.95	2202.63	2643.16
922	Edwardes Square	1022.66	1193.11	1363.54	1533.99	1874.87	2215.77	2556.65	3067.98
925	Gledhow Gardens	964.99	1125.82	1286.65	1447.48	1769.14	2090.81	2412.47	2894.96
928	Hereford Square	1029.68	1201.30	1372.90	1544.52	1887.74	2230.98	2574.20	3089.04
929	Holland Road/Russell Road	918.15	1071.18	1224.20	1377.23	1683.28	1989.34	2295.38	2754.46
930	Hornton Street/Holland Street	937.25	1093.47	1249.67	1405.88	1718.29	2030.72	2343.13	2811.76
933	Iverna Court	864.96	1009.12	1153.28	1297.44	1585.76	1874.08	2162.40	2594.88
936	Kensington Square	972.55	1134.64	1296.73	1458.82	1783.00	2107.19	2431.37	2917.64
939	Lexham Gardens	931.37	1086.60	1241.82	1397.05	1707.50	2017.96	2328.42	2794.10
942	Moreton and Cresswell Gardens	1014.89	1184.04	1353.18	1522.33	1860.62	2198.92	2537.22	3044.66
944	Nevern Square	905.81	1056.79	1207.75	1358.72	1660.65	1962.60	2264.53	2717.44
945	Norland Square	923.80	1077.77	1231.73	1385.70	1693.63	2001.57	2309.50	2771.40
948	Ovington Square	945.09	1102.60	1260.11	1417.63	1732.66	2047.69	2362.72	2835.26
951	Pembridge Square	922.63	1076.41	1230.17	1383.95	1691.49	1999.04	2306.58	2767.90
952	Philbeach Gardens	953.26	1112.14	1271.01	1429.89	1747.64	2065.40	2383.15	2859.78
955	Royal Crescent	1017.33	1186.88	1356.43	1525.99	1865.10	2204.21	2543.32	3051.98
958	St James's Gardens	922.85	1076.67	1230.47	1384.28	1691.89	1999.52	2307.13	2768.56
959	Stanley Crescent	960.15	1120.18	1280.20	1440.23	1760.28	2080.34	2400.38	2880.46
960	Stanley Gardens (North)	1071.93	1250.58	1429.23	1607.89	1965.20	2322.51	2679.82	3215.78
961	Stanley Gardens (South)	1005.44	1173.02	1340.58	1508.16	1843.30	2178.46	2513.60	3016.32
962	Sunningdale Gardens	903.28	1053.83	1204.37	1354.92	1656.01	1957.11	2258.20	2709.84
965	Wetherby Gardens	973.71	1136.00	1298.28	1460.57	1785.14	2109.72	2434.28	2921.14
TOWN GARDENS PROTECTION ACT 1863		TOTAL COUNCIL TAX - GARDEN SQUARES BY BAND							
CODE	GARDEN SQUARE	A	B	C	D	E	F	G	H
		£	£	£	£	£	£	£	£
975	Arundel Gardens/Elgin Crescent	983.18	1147.05	1310.90	1474.77	1802.49	2130.23	2457.95	2949.54
977	Blenheim Crescent/Elgin Crescent	986.03	1150.38	1314.71	1479.05	1807.72	2136.41	2465.08	2958.10
978	Emperor's Gate	853.37	995.61	1137.83	1280.06	1564.51	1848.98	2133.43	2560.12
979	Ladbroke Grove	894.95	1044.11	1193.26	1342.42	1640.73	1939.05	2237.37	2684.84
980	Rosmead Gardens	1075.05	1254.22	1433.39	1612.57	1970.92	2329.27	2687.62	3225.14
981	Lansdowne Gardens	974.92	1137.41	1299.89	1462.38	1787.35	2112.33	2437.30	2924.76
982	Hanover Gardens	952.23	1110.93	1269.63	1428.34	1745.75	2063.16	2380.57	2856.68
984	Montpelier Gardens	1060.86	1237.67	1414.48	1591.29	1944.91	2298.53	2652.15	3182.58
986	Notting Hill	1003.79	1171.10	1338.39	1505.69	1840.28	2174.89	2509.48	3011.38

**APPENDIX 13(1) - 2019/20 TO 2022/23 CAPITAL PROGRAMME**

	<b>2019/20 Revised Budget £'000</b>	<b>2020/21 Budget £'000</b>	<b>2021/22 Budget £'000</b>	<b>2022/23 Budget £'000</b>	<b>2019/20 to 2022/23 Total Budget £'000</b>
<b>Adult Social Care</b>					
Adult Social Care Day Centre Re-provision	515	3,800	1,837	-	6,152
Provision of Shared Ownership Scheme	-	300	-	-	300
Mosaic Case Management System	10	729	-	-	739
Customer Self Service	-	150	-	-	150
Digital transformation	-	2,109	-	-	2,109
Improvements at 1-9 St Marks Road	43	-	-	-	43
<b>Total Adult Social Care</b>	<b>568</b>	<b>7,088</b>	<b>1,837</b>	<b>-</b>	<b>9,493</b>
<b>Children's and Education</b>				-	
Children's and Early Years Provision	208	2,150	1,900	-	4,258
New Marlborough Primary School Commercial & Retail	70	355	-	-	425
Holland Park School Redevelopment	124	-	-	-	124
Investment into School Kitchens	126	-	-	-	126
Fox Primary School Expansion	200	330	-	-	530
Children's Services Case Recording System	98	-	-	-	98
Education Management System Replacement	190	-	-	-	190
Schools Capital Maintenance and Energy Reduction	15	276	-	-	291
Chelsea Academy Acoustic Improvement	7	203	-	-	210
Chelsea Academy Sixth Form Extension	477	-	-	-	477
Colville Primary School Expansion	745	1,204	50	-	1,999
Bousfield Primary Improvements	84	-	-	-	84
Barlby and Special Education Needs Schools	5,218	24,532	6,778	-	36,528
Kensington Academy	110	116	-	-	226
Grenfell Nursery – Early Years Provision	250	250	2,963	-	3,463
Schools SEN provision	42	166	-	-	208
Avondale Primary School	100	90	-	-	190
Bevington Primary School	866	-	-	-	866
Ashburnham Primary School	223	-	-	-	223
Park Walk	80	70	-	-	150
Oxford Gardens	50	114	-	-	164
Latimer Centre	850	500	150	-	1,500
Thomas Jones Primary School	120	120	-	-	240
Christ Church Primary - Schools SEN	40	-	-	-	40
St Mary's Catholic Primary - Schools SEN	30	-	-	-	30
St Quintin's Children's Centre - Schools SEN	85	-	-	-	85



	2019/20 Revised Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2019/20 to 2022/23 Total Budget £'000
St Thomas C of E Primary - Schools SEN	40	-	-	-	40
Schools Summer Programme	825	-	-	-	825
<b>NEW BIDS</b>					
Improvements into Children's Centres	300	1,700	900	-	2,900
New Emergency Duty Social Work Referral System	-	150	100	-	250
Additional Secondary School Places	-	6,000	2,300	-	8,300
Improvements at Bousfield School	-	500	-	-	500
Improvements to accessibility at Chelsea Open Air Nursery	-	250	-	-	250
Refurbishment of Latimer Academy	-	2,000	-	-	2,000
Remodelling and refurbishment of Oxford Gardens and Park Walk Primary Schools	860	1,400	450	-	2,710
<b>Total Children's and Education</b>	<b>12,433</b>	<b>42,476</b>	<b>15,591</b>	<b>-</b>	<b>70,500</b>
<b>Environment and Communities</b>					
Improved conditions at Central Library	301	-	-	-	301
Environmental Health Services – web presence	20	20	-	-	40
Street Scene Improvements	1,793	2,494	-	-	4,288
Kensington Leisure Centre	250	2,997	-	-	3,247
Asset Management Plan	168	630	-	-	797
Parks Strategy	1,677	721	-	-	2,398
Environmental Schemes	39	-	-	-	39
Highways Improvement Schemes: Local Safety	971	706	-	-	1,677
S278 Highways and Transportation Schemes	98	-	-	-	98
Athlone Gardens / Wornington Gardens	89	1,000	1,000	-	2,089
London Cycle Grid	20	-	-	-	20
Golborne Road Improvements	889	-	-	-	889
Stanley Bridge	40	400	350	-	789
Chelsea Bridge	160	2,385	75	-	2,620
Gunnersbury Cemetery Improvement Scheme	800	200	-	-	1,000
Paths and Fencing improvements	153	-	-	-	154
Sports Pitch Improvements	35	-	-	-	35
Little Wormwood Scrubs Wall	203	-	-	-	203
Holland House Terrace	89	-	-	-	89
South Kensington Station Flower Kiosk	99	-	-	-	99
Street Lighting Column Replacement	946	200	450	-	1,596
Leighton House - Phase 3 (Heritage Lottery Fund)	1,908	4,472	168	-	6,548

	2019/20 Revised Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2019/20 to 2022/23 Total Budget £'000
NEW Highways IT system (Confirm)	114	-	-	-	114
New Kensington Memorial Park sports pavilion / toilets and café buildings	10	350	40	-	400
Implementation of Cashless Parking	320	300	-	-	620
Hostile Vehicle Mitigation	650	680	-	-	1,330
Kensington Memorial Park water play replacement	10	290	-	-	300
Leisure Services Re-tender - capital investment	538	446	-	-	984
Step Free Access at Ladbroke Grove Station (50%)	-	-	15,000	-	15,000
Step Free Access at High Street Ken (50%)	-	-	16,000	-	16,000
Footbridge to link North Kensington (Freston Road/ Bard Road) with White City (50%)	-	-	4,500	-	4,500
Cultural Placemaking Kensington High Street	27	20	24	-	71
Replacement CCTV Cameras	115	31	-	-	146
Expansion of the Council's fixed CCTV network	-	390	-	-	390
E&C Business Hub	100	275	-	-	375
Expanding Kensal's Creative Economy	40	1,960	-	-	2,000
Microsites for venues	17	-	-	-	17
Albert Bridge-replacement of timber fenders	50	50	-	-	100
Holland Park - footpath	500	-	-	-	500
Holland Park - Former Ireton Lodge- Creation of new events space.	70	-	-	-	70
Holland Park café	120	-	-	-	120
Royal Avenue - Railings Replacement	-	35	-	-	35
Commercial Activity Libraries	40	180	-	-	220
Customer self-service and library open access solutions	11	339	-	-	350
Air Quality Monitoring Stations - Replacement and Refurbishment of Equipment	100	-	-	-	100
Maintenance of Historic Built Features	-	50	-	-	50
Embankment River Wall Repairs	200	-	-	-	200
Parking CCTV enforcement (box junctions)	170	-	-	-	170
Electric Vehicle Charging Points	400	-	-	-	400
Replacement of non ULEZ compliant waste vehicles	-	2,870	-	-	2,870
<b>NEW BIDS</b>					
Procurement of vehicles for the Waste and Cleansing Services Contract	0	2,711	2,709	-	5,420

	2019/20 Revised Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2019/20 to 2022/23 Total Budget £'000
Improvement to Commercial Spaces	210	290	-	-	500
Annual Parks Strategy	-	675	675	675	2,025
Annual Asset Management	-	300	300	300	900
Avondale Park play area, lighting and building improvements	-	-	450	-	450
Revitalising Kensington High Street	-	163	-	-	163
<b>Total Environment and Communities</b>	<b>14,560</b>	<b>28,630</b>	<b>41,741</b>	<b>975</b>	<b>85,904</b>
<b>Housing Needs and Supply and Grenfell</b>					
Disabled Facilities Grant	746	-	-	-	746
Renovation Grant (HRG)	100	-	-	-	100
Leasehold Compensation Scheme	4,000	-	-	-	4,000
Acquisition of out of Borough Properties	20	-	-	-	20
Acquisition of Street Properties	7,175	18,569	-	-	25,744
Grenfell Site Costs	3,990	-	-	-	3,990
Acquisition of Grainger Properties	3,838	-	-	-	3,838
New Homes Delivery Programme <sup>2</sup>	2,500	35,844	89,060	122,596	250,000
<b>NEW BIDS</b>					
Purchase programme of new accommodation	-	3,000	3,000	3,000	9,000
<b>Total Housing Needs and Supply and Grenfell</b>	<b>22,369</b>	<b>57,413</b>	<b>92,060</b>	<b>125,596</b>	<b>297,438</b>
<b>Support Services</b>					
Kensington Town Hall Cyclical Works Phase 2	2,036	3,060	-	-	5,096
Implementation of Work Well Initiative at Kensington Town Hall	300	257	-	-	557
Reception and Front of House Services	52	-	-	-	52
Belvedere Restaurant Structural Repairs	100	5	-	-	105
Chelsea Old Town Hall Partial Refurbishment Works	573	77	-	-	650
St Mary Abbots Church Boundary Wall Repairs	60	635	-	-	695
Acquisition of Wornington Road	500	-	-	-	500
Barlby Treverton and Primary School redevelopment site	1,080	1,307	-	-	2,387
Pop Up Units and Landscape Improvements at Thorpe Close	175	-	-	-	175

<sup>2</sup> The exact phasing of the spend remains subject to review. It is likely that some of the planned spend in 2022/23 will slip into 2023/24.

	2019/20 Revised Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2019/20 to 2022/23 Total Budget £'000
Hewer Street (15-17) and 7 Exmoor Street Acquisition	27	-	-	-	27
Silchester Estate Buy backs	400	-	-	-	400
Chelsea Community Centre	140	-	-	-	140
Canalside House - Required Health and Safety Works	500	-	-	-	500
Dalgarno Community Centre – Lift Works	91	-	-	-	91
Holland Park House Structural Works	1,194	300	-	-	1,494
Fire Compartmentation Works	500	1,500	-	-	2,000
Holland Park Ave 25 : Affordable B1Units	158	-	-	-	158
37 Pembroke Road Office Refurbishment	2,500	8,300	1,000	-	11,800
Extension and alterations to Coroners Court	20	475	-	-	495
Corporate Property Digitisation	114	-	-	-	114
Lift Compliance Works	300	-	-	-	300
Relocation of Shared Services Car Pound	-	2,300	-	-	2,300
Kensington Town Hall - Building Modifications	100	-	-	-	100
Piper House - HSE	200	-	-	-	200
Dalgarno Community Centre – HSE	500	-	-	-	500
Tabernacle Community Centre - HSE	125	125	-	-	250
Pembroke Road Car Park - Concrete Spalling	100	900	-	-	1,000
Earls Court Youth Centre - HSE	20	-	-	-	20
Improved conditions at Ellesmere Court	75	-	-	-	75
Improved conditions at Holland Park Offices & Stable Block	100	-	-	-	100
Networks and Telephony Infrastructure	250	400	75	-	725
Data Centre Maintenance	120	-	-	-	120
Information Governance Case Management System	0	86	-	-	86
IT Information Security Management	250	-	-	-	250
Movere/Livingstone Data Centre Move	200	-	-	-	200
Improvements to Residents Parking Online services	-	317	-	-	317
IT Computing Upgrade	1,818	200	-	-	2,018
IT Information Systems	66	-	-	-	66
New IT Digital Platform	158	-	-	-	158
Kensington Town Hall digital infrastructure and smarter working	350	-	-	-	350
Investment to bring the NNDR service in house	59	-	-	-	59
<b>NEW BIDS</b>					
205 Holland Park Avenue	-	842	-	-	842

	2019/20 Revised Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2019/20 to 2022/23 Total Budget £'000
Corporate Property Estate Life Cycle Budget	1,133	956	1,400	1,261	4,750
Holland Park Nursery Refurbishment	-	202	-	-	202
End User Computing Refresh (non-W10)	-	160	190	2,180	2,530
Networks Transformation	-	500	150	75	725
Cloud Move	-	500	250	100	850
Website Re-Platform	-	300	100	-	400
IT Information Security Management	-	250	-	-	250
<b>Total Support Services</b>	<b>16,444</b>	<b>23,954</b>	<b>3,165</b>	<b>3,616</b>	<b>47,179</b>
<b>New Bids to be Provided via Special Projects Reserve</b>					
Improved utilisation of staff space	-	150	100	-	250
Loanable Library tablet solution	-	25	-	-	25
Smart Open Technology	-	140	-	-	140
St. Luke's footpath resurfacing	-	100	-	-	100
Maintenance of Historic Built Features	-	50	50	50	150
Libraries Wi-Fi upgrade	-	75	-	-	75
LBHF Network Separation	-	150	-	-	150
Office365 Tenancy Separation	-	100	100	-	200
Introduction of Business Intelligence and GIS software	-	150	-	-	150
Property Management Software Package	-	110	-	-	110
<b>Schemes delivered from Special Projects</b>	<b>-</b>	<b>1,050</b>	<b>250</b>	<b>50</b>	<b>1,350</b>
<b>HRA</b>					
Housing Revenue Account Capital Programme	14,879	27,389	49,345	48,202	139,815
Lancaster West Main Refurbishment	2,500	17,500	15,000	22,200	57,200
<b>HRA</b>	<b>17,379</b>	<b>44,889</b>	<b>64,345</b>	<b>70,402</b>	<b>197,015</b>
<b>Capital Programme Contingency</b>	<b>5,443</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,443</b>
<b>Total Capital Programme Expenditure</b>	<b>89,197</b>	<b>205,500</b>	<b>218,989</b>	<b>200,639</b>	<b>714,325</b>

## APPENDIX 13 (2) FUNDING SOURCES OF NEW BIDS

The following table sets out the funding assumptions for the new investment that is planned from 2020/21. External Funding includes: grants and external contributions. Internal Funding includes use of reserves and other balances or borrowing. A similar table will be produced for the complete capital programme set out above as part of the Capital Strategy in July 2020.

<b>Title</b>	<b>External Funding £'000</b>	<b>Internal / Borrowing £'000</b>	<b>TOTAL £'000</b>
205 Holland Park Avenue	-	842	<b>842</b>
Children's Centres	-	2,900	<b>2,900</b>
New Emergency Duty Social Work Referral System	175	75	<b>250</b>
Additional Secondary School Places	5,900	2,400	<b>8,300</b>
Condition Issues: Bousfield	-	500	<b>500</b>
Accessibility: Chelsea Open Air Nursery	-	250	<b>250</b>
Refurbishment of Latimer AP Academy	-	2,000	<b>2,000</b>
Remodelling and refurbishment of Oxford Gardens and Park Walk Primary Schools	1,400	1,310	<b>2,710</b>
Procurement of vehicles for the Waste and Cleansing Services Contract	-	5,420	<b>5,420</b>
Improvement to Commercial Spaces	-	500	<b>500</b>
Annual Parks Strategy	-	2,025	<b>2,025</b>
Annual Asset Management	-	900	<b>900</b>
Avondale Park play area, lighting and building improvements	-	450	<b>450</b>
Revitalising Kensington High Street	163	-	<b>163</b>
Purchase programme of new accommodation	-	9,000	<b>9,000</b>
Corporate Property Estate Life Cycle Budget	-	4,750	<b>4,750</b>
Holland Park Nursery Refurbishment	-	202	<b>202</b>
End User Computing Refresh (non-W10)	-	2,530	<b>2,530</b>
Networks Transformation	-	725	<b>725</b>

<b>Title</b>	<b>External Funding £'000</b>	<b>Internal / Borrowing £'000</b>	<b>TOTAL £'000</b>
Cloud Move	-	850	<b>850</b>
Website Re-Platform	-	400	<b>400</b>
IT Information Security Management	-	250	<b>250</b>
Investment funded from Special Projects Reserve		1,350	<b>1,350</b>
<b>Total</b>	<b>7,638</b>	<b>39,629</b>	<b>47,267</b>

## **APPENDIX 14 - KENSINGTON AND CHELSEA CHARGING POLICY FOR DISCRETIONARY SERVICES**

### **1. Introduction**

The funding of Local Government has changed over the last five years. The level of funding from Government through core grants has steadily declined and there is an increasing reliance on local income sources – council tax, business rates and fees and charges being the main three.

Many Councils have recognised the importance of income generation in addressing the financial challenge and ‘balancing the books’ and have set out their plans to adopt a ‘commercial agenda’ However, being commercial will mean different things for different local authorities and can range from increasing more income through fees and charges, diversifying the investment portfolio and right through to the adoption of alternative delivery models. For Kensington and Chelsea, this has not yet been defined. The cross cutting workstream around income generation will look for opportunities to expand existing income streams and create new income streams which will fund local services and reduce the overall level of expenditure to be met by local taxpayers through Council Tax.

### **2. Discretionary Fees and Charges**

This policy relates to the fees and charges for discretionary services - i.e. a service that the Council is not mandated or under a duty to provide but that instead chooses to provide. Full details of the Council’s current fees and charges for discretionary services is available on the website at [\(Fees and charges\)](#)

### **3. Statutory Fees and Charges**

There are also a number of services which the Council provides where charges are set by Government or in line with statutory guidance. These include planning and building control applications, some adult social care services, such as residential and nursing care. The charges for these services are not within the scope of this policy and further details can be found on the Council’s website under the relevant service sections.

### **4. The Legal Requirements**

Section 93 of the 2003 Local Government Act gave Local Authorities the power to charge for discretionary services to raise income to fund the cost of services which in turn is used to fund services which will promote and improve economic, social and environmental wellbeing.

The legal guidance on the power to charge sets out a number of key features which Local Authorities must adhere to:

- The Authority must have the power to provide the service.
- Income from charges should not exceed the costs of provision. Local Authorities cannot make a profit on discretionary services. A profit can be made on traded services if these are provided through a separate company. Traded services are not currently within the scope of this policy but will be considered as part of the annual review that will take place in November 2020.



- The recipient of the discretionary service must have agreed both to its provision and to pay for it. It does not apply to services which an authority is mandated or has a legal/statutory duty to provide.
- Charges may be set differentially, so that people are charged different amounts and this policy sets out in a clear and transparent way these types of price differentials through the concessions policy in Section 10.
- Authorities can choose not to charge for discretionary services; they may provide them free of charge. However, it should be noted that by making this decision the discretionary service effectively becomes a tax on all council tax payers. Therefore, the decision to charge determines whether the council taxpayer or service user pays for the service.
- Any changes to Government policies in respect of charging must be adhered to and appropriate transitional arrangements put in place.

There are services which the Council currently has the power to charge for, but a previous decision has been taken not to. These include:

- Administration charge for arranging care for adult social care clients who fund their own care;
- Administration charge for arranging deferred payment agreements;
- Some environmental health and trading standards services

There are currently no plans to introduce charges for these services as part of the 2020/21 budget setting process but in line with this policy, both discretionary services charged for and the level of charge is subject to annual review and therefore new charges cannot be ruled out in the future.

The changing landscape for Local Government means that Government may in the future introduce additional powers for Local Authorities to charge for new services or review existing powers. Any future announcements by Government will be considered by the Council and changes will be taken in line with the Council's decision-making process as set out in the Constitution.

## **5. Aim of the Charging Policy**

The policy has been introduced to ensure consistency in deciding which services to charge for and the level of charge and to ensure charges are transparent and easy to understand. It is important that while maintaining consistency and transparency that individual services have the flexibility to shape their approach/policy to meet the specific needs of their client groups where appropriate.

## **6. Principles of the Charging Policy**

It is the Council's policy that unless there is a reason why an exception should be made, a charge should be levied for all discretionary services in accordance with this policy. The principles of the policy are that:

- All fees and charges should cover the full cost of providing the service (including overheads), except for those services where there is a clear rationale for not doing so.
- Charging and the income generated should contribute towards the achievement of the Council's priorities as set out in the Council Plan. This must be clearly demonstrated when charges are introduced.

- All services should raise income wherever there is a power to do so, unless the introduction of a charge would prohibit the achievement of specific corporate and service objectives.
- Services should consider those residents on low incomes and balance the need to recover costs with the challenges of poverty and social exclusion and whether the application of charges for certain services may increase dependency on other nonchargeable services.
- In some cases, differential charges may apply to encourage certain behaviour. This will be considered on a case by case basis and where there are clear benefits to introducing this differential approach.
- In some cases, charges may not be made for a service, or are reduced below full cost recovery level. These include:
  - Where it is specifically prohibited to make a charge for a service.
  - Where the service is delivered to all residents, indicating it could be funded by Council Tax.
  - Where administration costs of making a charge are greater than any income generated.
  - Where making a charge would not align with the Council's priorities.
  - Market conditions and prices charged by any competitors or other local authorities suggest that full cost recovery would not be cost effective.
  - A reduced charge or nil charge would increase the service usage which is desirable in terms of behavioural change.
  - It is appropriate to adopt concessions for certain types of users, such as those receiving state benefits. Further details are set out in Section 9.
  - There are unintended consequence that are not beneficial for the Local Authority – for example, it encourages non-desirable behaviour, such as fly-tipping rather than disposal of waste.

## **7. Setting the Charge**

The decision regarding the level and basis of calculation of charges must be transparent and open to scrutiny. It is the Council's policy that where appropriate, the charge will be based on the full cost of providing the discretionary service. Full cost recovery includes the costs of both direct and indirect overheads. Overheads typically include employee costs, expenditure relating to premises and transport costs, supplies and services, any third-party payments or transfer payments, cost of support services and other overheads and relevant capital charges.

In determining the level of charge and as part of the annual review, there will always be appropriate consultation with actual and potential service users.

As part of the annual budget cycle each department will carry out a recalculation of existing fees and charges together with opportunities to raise additional income from new areas of charging, and present proposals for revised charges.

In determining the charge, benchmarking will be undertaken with other Local Authorities and where appropriate private and voluntary sectors. This benchmarking will compare the charge for the service but also the costs of delivering the service

delivery, the levels of cost recovery, customer satisfaction levels and the level of income achieved.

In cases of full cost recovery, the individual charge is calculated by dividing the total cost by the estimated annual units of provision of the service to produce a cost per service provided.

The cost of the discretionary service, the income from charges, and the level of concession this provides must be transparent for service users to understand and for Members to be able to inform the decision-making process.

All charges will be approved as part of the Council's budget setting process unless appropriate delegations are in place and as set out in the Constitution.

## **8. The Annual Review of Fees and Charges**

All charges should be reviewed on an annual basis using clear and transparent evidence and knowledge to set the level of charges. Where the objective has been agreed as full cost recovery an appropriate inflation increase must be applied each year as part of the annual review. However, the annual review of charges should not just include an inflationary uplift; the full cost of providing the discretionary service, current market rates and alignment with Council policies and priorities should also be considered.

The annual review should, where possible use information on who is using the discretionary service and consultation should be undertaken on the change in the charges as part of the annual review process.

All changes following a review of the charges will be approved as part of the Council's budget setting process unless appropriate delegations are in place and as set out in the Constitution.

## **9. Concessions policy**

The purpose of offering concessions must be to support council priorities. Kensington and Chelsea's Charging Policy recognises that some residents may not have the means to pay for services which they need to access and where appropriate reductions in fees charged or a fees waiver will be considered. There may be a number of instances where this is appropriate. These could include, for example:

- Promoting healthier lifestyles through different charging structures.
- Encouraging the use of services through digital and other more efficient channels – e.g. direct debit discount for garden waste service subscribers.
- To influence the level of demand for a service.
- To reflect the circumstances of service users.

The Council may also have a policy on service user groups which receive subsidised access to all (or many) services e.g. children's and older people's discounts. Individual services are responsible for ensuring relevant policies are in place and published.

For certain services, such as social care, eligibility criteria for services will also be clearly established. Individual services are responsible for ensuring relevant policies are in place and published.

Key factors that the Council will consider when considering the use of eligibility criteria / discounts / concessions include:

- The link between the discount / concession and the policy/service objective that the charge is intended to contribute towards;
- The link between the discount/concession and the Council's diversity/equalities policies;
- Whether a generic concession should be applied for all services e.g. those in receipt of means-tested benefits, or whether the concession should be targeted towards a specific user group, depending upon individual service issues;
- How the discount / concession will be funded e.g. from other users of the same service, from Council Taxpayers more widely, and the financial implications of the subsidy;
- The need to review the degree to which eligibility criteria/discounts/concessions remain appropriate over time e.g. as take-up increases by a previously underrepresented group;
- Minimising the burden upon those applying for discounts/concessions by ensuring that they do not have to provide duplicate information to more than one Council service;
- Ensure that concession arrangements still allow for the full costs of providing services to be recovered; and
- The practicality of introducing concessions in terms of available technology and complexity of processes involved, including administrative costs will be kept under review.

Any level of subsidy should be determined by the individual service when the level of charge is determined and be made explicit at the time the charges are set.

Concessions must also be reviewed at least on an annual basis, to confirm both the level of subsidy and their ongoing relevance.

For customer / clients who cannot pay, action must be taken to ensure that there are sufficient safeguards in place to allow access to service, and that appropriate steps are taken to recognise the realistic payment capacity of vulnerable individuals.

No concessions will be provided to non-Kensington and Chelsea residents.

## **10. Income Collection**

The Council currently offers a number of different ways to collect income through fees and charges. However, the Council also recognises that technology and digital solutions are continually developing and it must ensure it keeps aligned with these developments to offer residents, visitors and businesses a range of different options to make payments that suit everyone's requirements – whether that be face to face for our more vulnerable residents, 24/7 for local businesses and mobile technology for everyone. The Council need to provide a greater range of payment options, make it easier to collect fees and charges and provide incentives to pay. This is a key workstream as part of the Council's Futures Programme and updates will be presented to Leadership Team through the Council's budget setting process.

Where possible we want to reduce the administrative costs of invoicing and make it as easy as possible to collect payment.

The Council's policy will be that:

- Payment in advance should be the preferred means of recovery wherever possible, to minimise debt recovery.
- Alternatives should be available for those reliant on benefits or low incomes.
- A range of payment methods will be made available but with an emphasis on automated on-line payments as the default.

## **11. Equality Impact Assessments**

Under Section 149 of the Equality Act 2010, the Council has a duty when exercising its functions to have 'due regard' to the need to eliminate discrimination and other conduct prohibited under the Act and advance equality of opportunity and foster good relations between those who share a "protected characteristic" and those who do not. This is the public sector equality duty. The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The purpose of the duty is to enquire into whether a proposed decision disproportionately affects people with a protected characteristic. Before the Council exercises its fees and charging powers, the impact on individuals or groups of individuals who share a protected characteristic must be carefully considered and properly factored into the decision-making process using the Council's EIA screening template.

## **12. Implementation of the Charging Policy**

Subject to approval by Council in March 2020 as part of the budget setting process, all fees and charges will be reviewed in light of this policy during 2020/21. New proposed charges will be put forward for consultation as part of the 2021/22 budget setting process and to be agreed by Council in March 2021. The implementation of the policy will also be supported by an officer toolkit which will support services in applying the principles of the policy.

## **13. Review of Policy**

This Policy is to be reviewed a minimum of every two years to ensure consistency with wider council and departmental objectives and priorities. The next review of this policy is scheduled to take place in November 2020 and will be agreed as part of the 2021/22 Budget setting process.